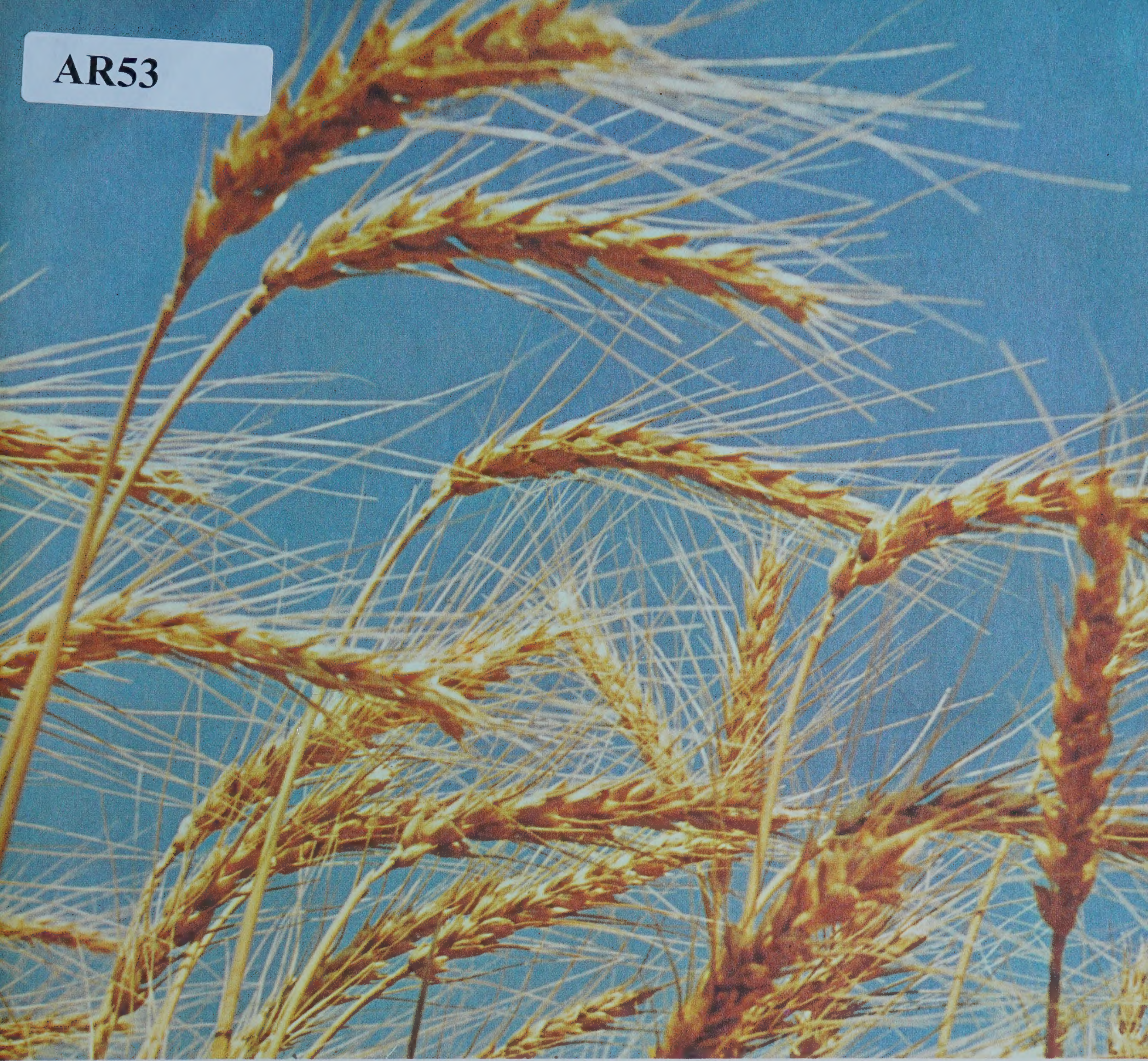


ANNUAL REPORT

Massey-Ferguson Limited

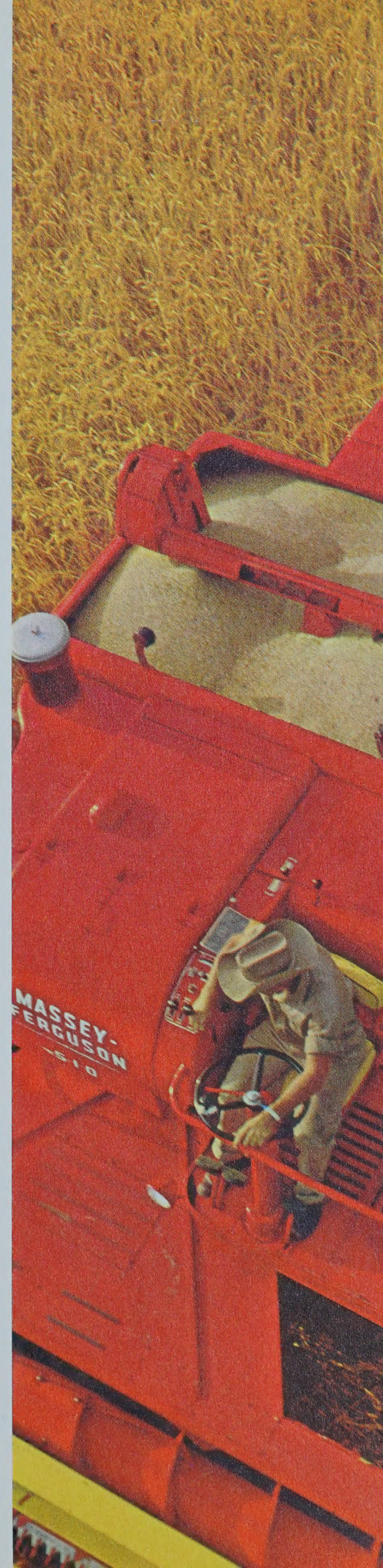
1963

CONSOLIDATED FINANCIAL HIGHLIGHTS

	1963	1962	1961
OPERATING SUMMARY (MILLIONS OF DOLLARS)			
Net sales	**$685.7**	$596.1	$519.3
Profit before taxes	**41.8**	32.4	25.2
Net income	**24.1**	18.1	15.2
FINANCIAL STATUS (MILLIONS OF DOLLARS)			
Net current assets	**$250.4**	$189.7	$179.4
Long term debt	**133.7**	94.5	95.8
Capital and retained earnings	**253.5**	222.8	210.8
PER COMMON SHARE			
Net income	**$ 1.68**	$ 1.36	$ 1.13
Dividends paid	**.50**	.40	.40
Equity	**16.81**	15.97	15.03
STATISTICAL DATA			
Average number of employees	**41,089**	39,806	38,397
Number of shareholders	**40,363**	40,359	40,089
Common shares outstanding *(Thousands)*	**13,496**	12,269	12,201

◄ 1963 was a year in which harvests ranged from near failures in eastern Europe and in parts of Asia to excellent crops in North America and in Australia. Movement of grain in world-wide markets reached record levels and will remain heavy during 1964. The Canadian wheat crop in excess of 700 million bushels surpassed all previous figures. This harvest scene from the Province of Saskatchewan illustrates the continuing trend to larger farms where demand is for greater capacity, more sophisticated, cost-cutting machinery. At work are the new MF 300, the 410 and 510 self-propelled combine harvesters which have been described as the most fully-automated combines ever produced. Twenty-one controls arranged on a console provide automatic, finger-tip control from the driver's seat from cutting to final discharge of grain into trucks. ►

Cover photo by David Forbert and courtesy Texaco Inc.



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

FOR THE YEAR ENDED OCTOBER 31, 1963

Your Directors are pleased to report on the consolidated operations, financial results and condition of your company for the year ended October 31, 1963.

In most major respects 1963 was a satisfactory year. The net effect of changes in the environmental climates throughout our diverse international markets was, on balance, favourable to further sales growth. Moreover, significant overall improvement in operations was achieved.

The combination of these two factors resulted in consolidated sales of $685.7 million, profit before taxes of $41.8 million and net income after taxes of $24.1 million — figures which in each instance established all-time company records. Earnings per common share were $1.68 compared with $1.36 in the 1962 fiscal year. This is the seventh consecutive year in which consolidated sales of farm machinery and light industrial equipment have reached new high levels.

Because of the vulnerability of the farm machinery industry to unfavourable economic cycles and weather, the Directors have placed emphasis on securing sales volume in many different world markets in order to minimize local unfavourable situations that might arise and affect individual operations units.

The 1963 harvest, for example, ranged from excellent in North America and in Australia to near failures in Eastern Europe and in parts of Asia. A wet harvesting period following the coldest winter in Western Europe in a great many years resulted in reduced crop yields. The effects of such environmental factors can be seen in a comparison of the increases contributed to total consolidated sales in 1963 by Europe, North America, and all other markets against those contributed in the previous year. The 1963 sales in these areas were respectively 283, 243 and 160 million dollars. These repre-

sented increases of $15 million for Europe, $35 million for North America, and $40 million for all other markets against increases respectively of 34, 19 and 24 million dollars in the previous year.

Both the United States and Canadian companies improved their market penetration against a background generally favourable to strong demand throughout the year. Record sales of $76.5 million in Canada resulted primarily from improved farm income, and increased demand for Canadian wheat in world markets together with a record crop. Sales in the United States at $166.5 million increased 8 per cent after discounting the effect of stating 1963 U.S. sales in Canadian dollars. It should be noted, however, that North American wholesale sales were held substantially at a lower level than retail sales during the closing months of the year, particularly in the United States, to reduce inventories in preparation for the introduction of new model combines in 1964. Retail sales in the United States for 1963 were, in fact, at a record level.

Despite unusually adverse weather in the United Kingdom sales of $91.8 million, the highest to date, were up $13.1 million or 17 per cent over 1962. A somewhat generally stronger buying interest, significant improvements in certain products and more effective marketing programs resulted in an increase of 12 per cent in sales in France to $80.2 million, the highest since 1957.

Total industry volume in Germany has been levelling off, although remaining above $500 million annually and ranking as the world's second largest farm machinery market. A number of large manufacturers developing excessive inventory positions increased competitive activity and created pressure on product pricing. Under these difficult conditions MF sales declined 3 per cent to $37.6 million, but the German company well maintained the important market position it has developed over the past few years.

In the Italian market the industrial crawler tractor manufactured in Fabbrico was a major factor in the $5.0 million increase over 1962 to $19.5 million. In large measure the substantial increase from $7.6 million in 1961, when our manufacturing activities were first established in Italy, has been due to continuing expansion of farm mechanization in that country. The Italian company, previously a part of Special Operations Division, was established as a fully integrated operations unit as from

November 1, 1963, the beginning of the new fiscal year.

Sales in Australasia increased $8.8 million to $47.5 million primarily due to the buoyant Australian economy, excellent agricultural conditions and an expansion of mechanized sugar cane harvesting in which the Australian company continues to play a major role. Sales on the African continent at $43 million increased 38 per cent over 1962, and have more than doubled over the past two years. Unstable economic conditions in Brazil did not affect 1963 sales which increased $9.8 million to $20.5 million. The tractor plant operated at full capacity throughout most of the year.

Perkins Group international sales of diesel engines for agricultural, automotive, marine and industrial application, exclusive of those to Massey-Ferguson, were $81.3 million compared with $70.8 million last year. Approximately 40 per cent of these sales were for agricultural purposes.

In recent years, we have been developing a group of products known in the industry as light industrial equipment. This equipment comprises a range of tractor powered units used in the non-agricultural area for a variety of materials handling purposes. It is now making a significant contribution to operations in several markets, both mature and developing, and is expected to grow steadily in volume. During 1963 consolidated sales of this equipment reached $45 million, an increase of 20 per cent over 1962.

The emphasis placed by senior management on world-wide product planning and development continues to contribute significantly to sales growth. We referred in the 1962 annual

MF product planning integrates global consumer needs and provides maximum interchangeability of components among the company's 27 factories, but with provision for significant local market needs. The new South African Maize Harvester, for example, harvests ripe and dried corn in bags to offset lack of bulk storage. Also the extent of field drying in these climatic conditions is unusually high. Dr. L. B. Knoll, Managing Director, Massey-Ferguson (South Africa) Limited, extreme left, examines the new machine with company and government officials.

report to the initial introduction into selected markets of a new Multi-Power transmission. Produced this year in volume, its quick and broad reception in all markets surpassed expectations. It appears to be a most acceptable solution to a problem that has engaged the industry for several years.

The planned introduction of the new family of combine harvesters — the smaller 300, the medium-sized 400 and the larger 500 — was carried forward during 1963. The MF 300, first produced in volume in North America this year, has performed most satisfactorily. Winning three of the first five places in the United States National Corn Picking Contest, this machine with excellent corn-head attachments, should provide opportunities to obtain greater penetration in the cornbelt, the most important market of the United States. Volume production of the two larger models was achieved in the United Kingdom in 1963 with the new models selling well in European markets. Additional features have been incorporated into models designated MF 410 and MF 510 for the 1964 market in North America. Manufacture of these machines which have been described as the most full-automated combines ever produced is currently underway in the new plant in Brantford, Ontario.

Important additions to the company's manufacturing facilities were carried forward during the year. The new North American Combine Plant in Brantford, Ontario, designed to accommodate the size and complex construction of the new combine models, was completed in October ahead of schedule. Construction of the new Perkins plant at Spennymoor and expansion of the Peterborough works in the United Kingdom are proceeding to plan for completion late in 1964. These facilities will provide a new line of diesel engines and increased capacity.

Since 1958 our manufacturing facilities worldwide have been greatly expanded and improved. Over this period 13 additional plants have been acquired or constructed and considerable improvement in production toolage and equipment has been made in all factories. A most important aspect of these manufacturing developments, now aggregating 27 plants in all continents, has been the unusual extent to which integration and interchangeability of components has been achieved. This has provided opportunities both for cost control and flexibility in markets.

The increasingly satisfactory condition and location of our production facilities have been reflected in the cost of goods sold per dollar of sales. For the 1963 fiscal year the cost of goods was 77.4 cents per dollar of sales, the lowest level in many years, improved from 78.6 cents in the previous year and from 81.2 cents in 1958.

Broadly speaking, the substantially higher profit for 1963 was attributable to larger sales volume, lower cost of goods sold and generally improved operations. Despite the $90 million increase in consolidated sales, consolidated inventories at year end were only slightly higher than those at the previous year end closing. On a comparable Canadian dollar basis for the two years, 1963 inventories were slightly lower.

It is noteworthy that the French company operated profitably for the first time in several years. Brazilian operations, however, continued at a loss due to inflation and accompanying exchange losses. During 1963 the Perkins engine company in France assumed certain manufacturing functions previously subcontracted. Operating margins for the year were adversely affected by the associated start-up costs.

Cash flow for 1963 reached $45 million, compared with $38 million in 1962, and with 34 and 32 million dollars in the two previous years. Additions to fixed assets continued to exceed depreciation and amortization of production tooling, and will substantially do so in 1964.

Major financing actions were undertaken in 1963. The United States company refunded its debt of approximately U.S. $11 million from the proceeds of an issue of U.S. $35

million of promissory notes maturing from 1966 to 1982; it also issued U.S. $25 million of subordinated promissory notes maturing from 1971 to 1984. Both actions were taken to provide a more adequate long-term debt basis. To increase its equity proportion of assets employed the company sold 1,226,894 shares of its common stock for $10 a share through a rights offering of 1 common share for each 10 common shares held. This offering was most favourably received.

Progress in extending fixed term agreements resulted in relatively stable labour relations throughout 1963. Such agreements in the United Kingdom, France and North America extend into 1964. In Germany the national wage dispute in the metal industry was settled on an industry-wide basis after selective strikes and lock-outs which did not directly involve the company. After top level Federal Government intervention, agreement was reached on a wage increase covering the period until September 30, 1964. The series of brief national strikes in Italy that commenced in June 1962 were finally settled in February 1963 on the basis of wage increases and a prohibition on strike action for a one-year period. After several months of negotiation, a new industry-wide contract was made in South Africa in May 1963. In Brazil, however, excessive price inflation was met and aggravated by recurring industry-wide wage adjustments, frequently government directed.

As our organizational structure and operations become progressively more firmly established, increased opportunities are being found to concentrate on the development of management skills. With senior management positions largely filled by the end of 1962, less executive change has been required than in previous years.

The following appointments and changes at senior management level have taken place in 1963. John W. Beith, formerly Director Special Operations, has been appointed a Vice President of the company and named Managing Director, Massey-Ferguson (Export) Limited. He succeeded William W. Mawhinney who recently retired after forty-five years of distinguished service, and is now named Honorary President of the export company. John J. Chluski, on special assignment as Directeur Général Adjoint of French operations during the previous two years, has returned to Corporate Management as Vice President Planning and Procurement. Leonard J. Boon has been appointed Director Special Operations, and John A. Evans joined the company late in the year as Director Legal Services.

With improvement of operating margins your Directors declared 1963 dividends at an annual rate of 50 cents per share, an increase of 10 cents per share over the previous rate.

We do not foresee any significant changes in the world environment which would adversely influence operations for 1964. In North America, heavy grain exports in recent weeks should provide a good base for favourable operations. In Europe competition will continue to be vigorous. During 1963 uncertainties as to the future course of events for agriculture in the European Economic Community appeared to restrain demand in some areas. While the agreements that may finally be reached will not be entirely satisfactory to all concerned, the removal of uncertainty will probably be constructive. Except those countries which are experiencing currency difficulties, our markets generally appear favourable. We look forward to a continuation of sales and profit growth.

We extend sincere appreciation to our business associates in Brazil, India and South Africa and to employees, distributors and dealers world-wide for their cooperation in making 1963 a year of satisfactory progress.

On behalf of the Board

W. Eric Phillips

Chairman and Chief Executive Officer

Albert A. Thornbrough

Toronto, January 30, 1964 President

FRANCE has had a long tradition of producing grain, forage crops, vegetables, fruits and wines in abundance. French agriculture has also been closely associated historically with Massey-Harris and Ferguson products. Currently France ranks third among all farm machinery markets with industry wholesale sales of about $420 million annually, being ahead of Canada and the United Kingdom and behind the United States and West Germany.

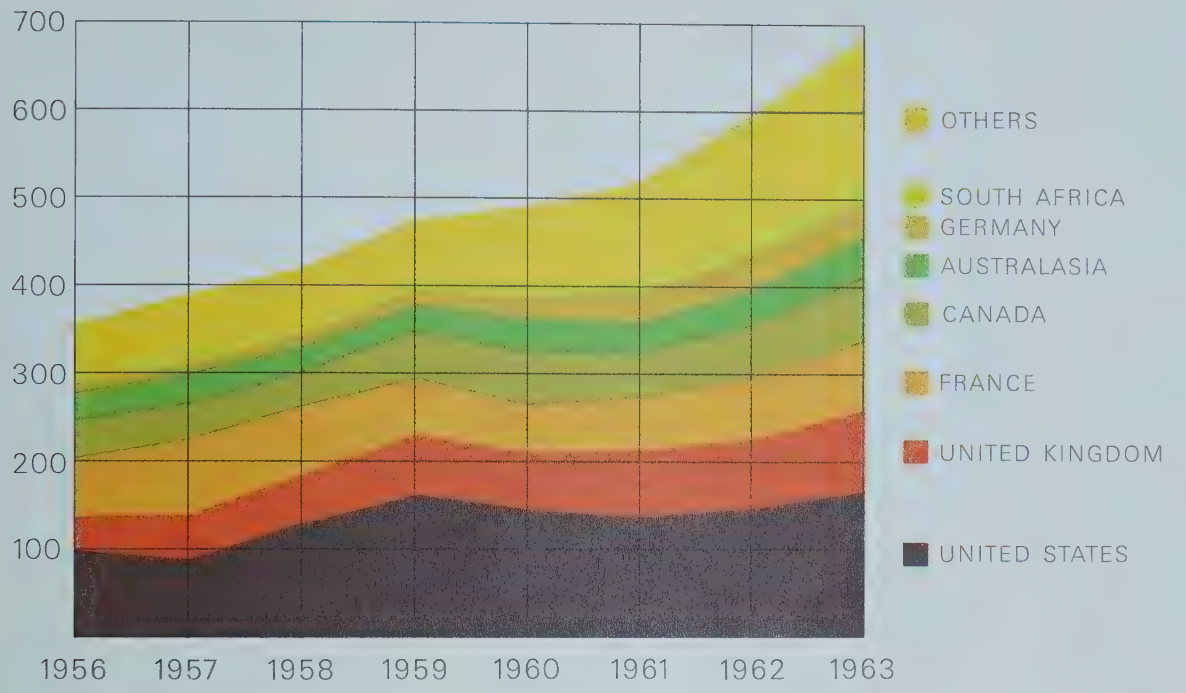
As is true of all countries with mature agricultural industries the active farming community continues to decrease in numbers while maintaining or increasing agricultural output through greater utilization of sophisticated methods and equipment. In France the decrease in farm workers has been 25 per cent over the past eight years and the farming community is now only 20 per cent of the total population. Nevertheless, while farm mechanization is now substantial there is still considerable scope for broader and more intensive application. Greater use of mechanization, for example, might well be made in the haymaking activities taking place in the charming French scene shown above.

Sales in France for the 1963 fiscal year were $80 million, a 12 per cent increase over the previous year. Tractors from the new Beauvais plant serve not only the French domestic market but are exported to such markets as Scandinavia, Germany, Australia, Italy and Eire. Major tractor components are also shipped to MF's Detroit tractor plant.

The cold chamber at Perkins' engine plant, Peterborough, England, with temperatures to minus 60 degrees Fahrenheit, is one of the many important company quality control and test facilities around the world. Perkins, the world's largest producer of diesel engines for farm, automotive and industrial use, exports more than 80 per cent of its total production.

At work on the multi-million dollar Gardiner Expressway skirting Toronto, Canada, this MF industrial tractor with front-end loader and backhoe typifies the significant application of light and medium industrial equipment now available in this growing product line. With MF 1963 world-wide industrial sales at $45 million (20 per cent ahead of 1962), the company is keeping pace with the growing demand for increased horsepower with the recent introduction of the 60 h.p. MF 302 and 304 industrial tractors, the MF 320 backhoe, and the MF 244 industrial crawler manufactured in Italy and sold in 18 countries during 1963.

NET SALES BY MARKETS
(MILLIONS OF DOLLARS)



NET SALES BY PRODUCTS
(MILLIONS OF DOLLARS)

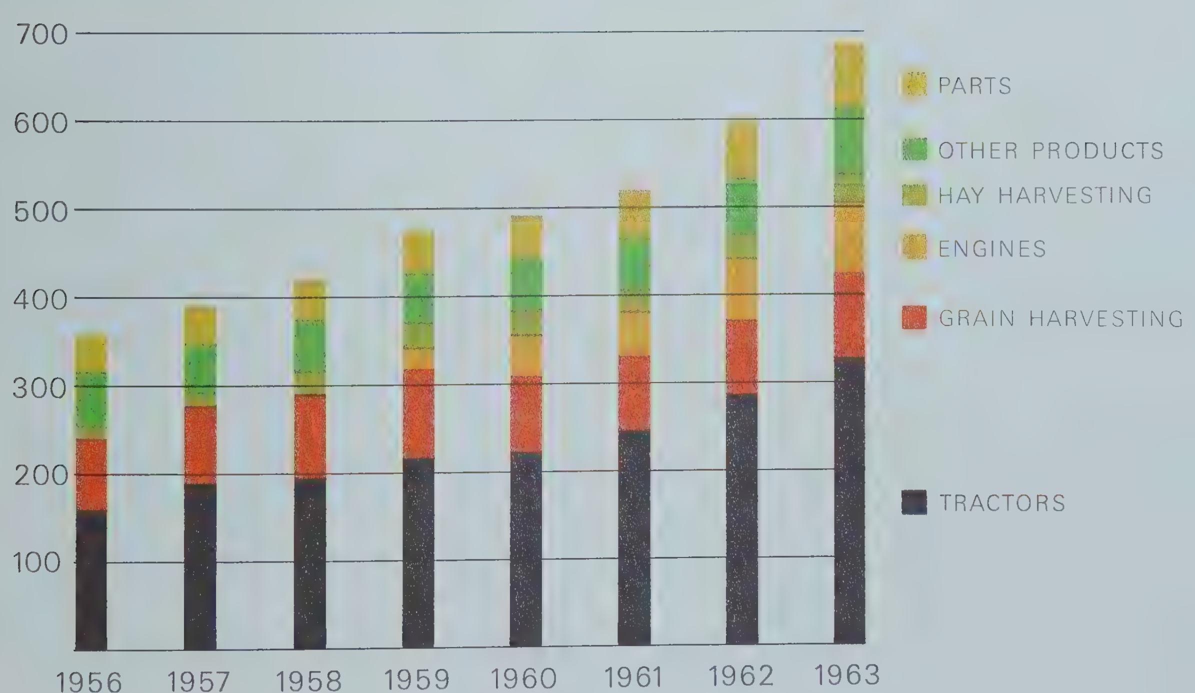


Photo by David Forbert

An ancient olive tree and cypresses frame this rustic Grecian landscape. Twenty-six per cent of this mountainous country is arable. The farms are small and mechanization is still only in the early stages of using tractor power. Wheat is the major crop with olive oil, dried grapes and cotton as major exports.

Massey-Ferguson Limited

STATEMENT OF CONSOLIDATED INCOME

Year ended October 31, 1963 (with comparative figures for 1962)

	1963	1962
SALES AND OTHER INCOME:		
Net sales	$685,664,596	$596,097,449
Interest and finance charges earned, etc.	9,931,396	10,583,621
Profit on disposal of capital assets	140,879	1,669,665
TOTAL SALES AND OTHER INCOME	$695,736,871	$608,350,735
Deduct:		
Cost of goods sold	$531,006,614	$468,306,757
Marketing, general and administrative expenses	88,219,645	78,275,912
Engineering expenses	16,095,377	14,007,272
Interest on long term debt	6,551,397	5,066,054
Interest on bank and other short term debt	11,347,103	12,005,248
Exchange adjustments	(103,266)	(2,439,380)
Minority interest	839,964	733,007
	$653,956,834	$575,954,870
PROFIT BEFORE INCOME TAXES	$ 41,780,037	$ 32,395,865
Income taxes	17,724,028	14,321,771
NET INCOME FOR THE YEAR	$ 24,056,009	$ 18,074,094

Depreciation, and amortization of production tooling included above amounted to $20,436,331 in 1963 and $20,235,896 in 1962.

The following amounts were paid during the year ended October 31, 1963 to the directors, executive officers and solicitors of the Parent Company: Fees to directors not holding salaried employment $40,648; remuneration to executive officers including directors holding salaried employment, and to the Company's solicitors $1,140,555.

(See accompanying notes to financial statements)

Massey-Ferg

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CONSOLIDATED

October 31, 1963 (with comp

ASSETS

	1963	1962
CURRENT ASSETS:		
Cash	$ 9,631,877	$ 3,961,599
Receivables (less allowances and unearned interest — Note 2)	193,503,286	192,537,653
Inventories, valued at the lower of cost or market —		
Raw materials and work in process	81,552,126	82,896,259
Finished goods	119,867,343	110,394,483
	$201,419,469	$193,290,742
Prepaid expenses, etc.	7,345,444	3,843,275
TOTAL CURRENT ASSETS	$411,900,076	$393,633,269
INVESTMENTS (shares and advances):		
Wholly owned finance companies, at equity value (Note 1)	$ 17,783,841	$ 15,924,436
Associated companies, at cost	1,954,285	1,758,430
	$ 19,738,126	$ 17,682,866
FIXED ASSETS:		
Land	$ 5,292,987	$ 5,279,284
Buildings	70,766,264	63,269,552
Machinery and equipment	151,146,423	139,482,385
Production tooling	16,022,690	12,851,673
Total fixed assets, at cost	$243,228,364	$220,882,894
Less accumulated depreciation and amortization	119,061,725	104,087,465
	$124,166,639	$116,795,429
OTHER ASSETS AND DEFERRED CHARGES	$ 4,945,530	$ 5,415,832
	$560,750,371	$533,527,396

On behalf of the Board:

W. Eric Phillips, Director

Albert A. Thornbrough, Director

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BALANCE SHEET

ative figures at October 31, 1962)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1963	1962
CURRENT LIABILITIES:		
Bank loans and overdrafts	$ 22,181,166	$ 59,804,289
Short term notes payable	2,241,772	20,220,000
Accounts payable and accrued charges	107,627,664	92,464,799
Income, sales and other taxes payable	18,413,071	23,683,916
Dividends payable	2,036,084	1,576,047
Advance payments from customers	9,028,749	6,140,076
TOTAL CURRENT LIABILITIES	$161,528,506	$203,889,127
DEFERRED INCOME TAXES	$ 4,873,856	$ 6,037,178
LONG TERM DEBT:		
Bonds, debentures, notes and loans (Note 4)	$133,743,804	$ 94,452,279
Less instalments maturing within one year, included with accounts payable and accrued charges	3,972,190	4,338,983
	$129,771,614	$ 90,113,296
MINORITY INTEREST IN SUBSIDIARIES	$ 11,081,762	$ 10,666,902
SHAREHOLDERS' EQUITY:		
Authorized share capital —		
500,000 preferred shares, par value $100 each		
20,000,000 common shares without nominal or par value		
Outstanding (Note 3) —		
Cumulative convertible preferred shares		
4½% 1955 series	$ 475,300	$ 483,900
5½% 1959 series	24,999,500	24,999,500
Common shares	70,901,961	58,626,521
Contributed surplus		1,785,973
Retained earnings (Note 6)	157,117,872	136,924,999
	$253,494,633	$222,820,893
	$560,750,371	$533,527,396

(See accompanying notes to financial statements)

Massey-Ferguson Limited

STATEMENTS OF CONSOLIDATED RETAINED EARNINGS AND CONTRIBUTED SURPLUS

Year ended October 31, 1963 (with comparative figures for 1962)

CONSOLIDATED RETAINED EARNINGS

	1963	1962
Balance at beginning of year	$136,924,999	$125,154,668
Add:		
Net income for the year	24,056,009	18,074,094
Portion of prior years' share issue expenses now charged to contributed surplus	1,429,271	
Credit resulting from change in basis of translation to Canadian dollars (Note 1)	2,698,616	
	$165,108,895	$143,228,762
Deduct:		
Dividends on preferred shares	$ 1,396,401	$ 1,402,350
Dividends on common shares	6,594,622	4,901,413
	$ 7,991,023	$ 6,303,763
Balance at end of year	$157,117,872	$136,924,999

CONTRIBUTED SURPLUS

	1963	1962
Balance at beginning of year	$ 1,785,973	$ 1,785,973
Deduct:		
Commission and other expenses relating to issue of common shares in March, 1963	$ 356,702	
Portion of prior years' share issue expenses previously charged to retained earnings	1,429,271	
	$ 1,785,973	$ —
Balance at end of year	$ —	$ 1,785,973

(See accompanying notes to financial statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended October 31, 1963

1. BASIS OF CONSOLIDATION AND EXCHANGE TRANSLATION

The accompanying financial statements consolidate the accounts of all subsidiary companies with the exception of the two wholly owned finance companies in North America, a combined statement of assets and liabilities of which appears on page 18. The investment in such companies is carried in the consolidated balance sheet at their underlying equity value; their earnings have been taken up in the accompanying statement of consolidated income.

In 1963 the statements of all subsidiary companies outside Canada, including those in the United States, have been translated into Canadian dollars as follows: current assets, current liabilities and long term debt at exchange rates prevailing at October 31; investments, fixed assets, and depreciation provisions on the basis of rates prevailing at date of acquisition; income and expenses (other than depreciation provisions) at average exchange rates during the period.

These translation procedures differ from 1962 and previous years when the assets, liabilities, income and expenses of United States companies were included on the basis of U.S. $1 = Can. $1 and long term debt of all overseas companies was included at rates prevailing at date of issue. The net credit resulting from the change in basis at November 1, 1962 (including an adjustment with respect to the United States finance company) is reflected in consolidated retained earnings. If the current basis of translation had been in effect in 1962, approximately $1,700,000 of the credit would have been included in reported net income for that year, the balance being applicable to prior years.

2. RECEIVABLES

Receivables are shown net of the following provisions —

	1963	1962
Returns and allowances . .	**$13,297,196**	$12,682,585
Unearned interest	**681,217**	832,061
Total	**$13,978,413**	$13,514,646

Approximately $24,000,000 or 13% of the 1963 notes and accounts receivable mature beyond one year. The receivable balances shown include the following amounts due from the North American finance companies — 1963 — $2,558,456; 1962 — $4,983,355.

3. SHARE CAPITAL, STOCK OPTIONS AND RESERVATION OF SHARES

(a) Shares outstanding at October 31 —

	1963	1962
Cumulative convertible preferred shares		
4½% 1955 series redeemable at $104.50	**4,753**	4,839
5½% 1959 series redeemable at $104.50	**249,995**	249,995
Common shares	**13,495,948**	12,268,599

(b) During the year 1,226,894 common shares were issued for cash under a rights issue of 1 common share at $10 for each 10 common shares held; an additional 455 common shares were issued on conversion of 65 4½% preferred shares, and 21 4½% preferred shares were purchased for redemption.

(c) There were no employee options outstanding at October 31, 1963. 1,283,246 unissued common shares are reserved for possible issue on conversion of cumulative convertible preferred shares.

4. LONG TERM DEBT

	October 31, 1963	October 31, 1962
Massey-Ferguson Limited (Canada):		
First mortgage sinking fund 3% bonds Series "A" maturing 1966	$ 5,002,000	$ 5,449,500
3¾%—5% Sinking fund debentures maturing 1967-76	25,659,000	28,176,000
Massey-Ferguson Inc. (U.S.A.):		
3⅝%—4⅛% Promissory notes maturing 1963-73		11,000,000
5¼% Promissory notes maturing 1966-82	37,730,000	
5⅞% Subordinated notes maturing 1971-84	26,950,000	
Massey-Ferguson Holdings Limited (United Kingdom):		
5½% Bank Loan due 1965 (interest charged at 1½% above the Bank of England rediscount rate with the provision that the minimum interest rate shall not be less than 5½%)	19,604,000	26,530,000
Massey-Ferguson (United Kingdom) Limited:		
3½%—5% Guaranteed debenture stock maturing 1972 (subject to sinking fund)		1,565,782
F. Perkins Limited (United Kingdom):		
4½% First mortgage debenture stock maturing 1971 (subject to sinking fund)	3,199,985	3,018,318
Massey-Ferguson S.A. (France):		
6½%—7% Loans maturing 1963-75	5,716,700	8,465,115
Massey-Ferguson G.m.b.H. (Germany):		
2½%—7% Loans maturing 1966-74	1,160,505	1,180,379
Massey-Ferguson (Australia) Limited:		
5¾% First mortgage debenture stock maturing 1970	6,007,500	5,549,625
Massey-Ferguson (South Africa) Limited:		
5¾%—6½% Loans maturing 1964-67	1,502,000	1,500,000
7% Convertible debentures maturing 1967-81	922,228	1,297,200
7% Non-convertible debentures maturing 1967-81	289,886	
Mototrac-Maquinas e Motores Limitada (Brazil):		
5½% Bank loan maturing 1964		720,360
	$133,743,804	$94,452,279

5. CONTINGENT LIABILITIES, COMMITMENTS, ETC.

(a) Contingent liabilities; Bills under discount — $43,000,000; Guarantees of short term notes payable by North American finance companies — $39,446,990.

(b) Capital expenditure commitments outstanding at October 31, 1963 total approximately $12,500,000.

(c) Pension costs (including payments to trustees on behalf of employees covered by trusteed pension plans) are charged against income in the year of payment. Past service costs in most trusteed plans are being funded or amortized over periods not exceeding 30 years.

(d) The Canadian and United States companies have been named defendants in an action brought by third parties charging violation of United States anti-trust laws and claiming triple damages in the amount of approximately $2,900,000 (Canadian funds). In the opinion of United States counsel for the companies, the action can be successfully defended.

6. DIVIDEND RESTRICTIONS

The trust indentures relating to the long term debt of the Canadian company and the trust indentures and loan agreements of certain of the subsidiary companies contain certain restrictions on the payment of dividends. Under the most restrictive of these approximately $95,000,000 of consolidated retained earnings at October 31, 1963 is not available for payment of dividends on common shares. Of the remainder, approximately $57,000,000 represents the unrestricted portion of profits of various subsidiary companies outside North America which have not been remitted to Canada. Transfers of earnings from such companies are generally subject to the approval of exchange control authorities, but permission to pay dividends is normally obtainable. Dividend payments from subsidiaries in a number of countries are subject to withholding taxes. As the amount of earnings which will be transferred in the future and the rates which will be applicable at that time are not known, such taxes are reflected in consolidated earnings only at the time of actual dividend remittance.

Of consolidated retained earnings, an amount of $46,890 is designated as a "capital surplus" under the provisions of Section 61 of the Companies Act (Canada).

Clarkson, Gordon & Co.
Chartered Accountants
Toronto, 1
CANADA

To the Shareholders of
Massey-Ferguson Limited:

We have examined the consolidated balance sheet of Massey-Ferguson Limited and its consolidated subsidiaries as at October 31, 1963, and the statements of consolidated income, retained earnings and contributed surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated income, retained earnings and contributed surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at October 31, 1963 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in exchange translation procedures referred to in Note 1, which change we approve.

We also report that, in our opinion, the information required under Section 118 of the Companies Act (Canada) is correctly stated in Note 1 to the financial statements.

Toronto, Canada,
December 13, 1963.

Clarkson, Gordon & Co
Chartered Accountants.

MASSEY-FERGUSON FINANCE COMPANY OF CANADA LIMITED
AND
MASSEY-FERGUSON FINANCE CORPORATION

COMBINED STATEMENT OF ASSETS AND LIABILITIES

October 31, 1963 (with comparative figures at October 31, 1962)

	1963	1962
ASSETS		
Cash	$ 25,690	$ 55,162
Retail notes receivable (less allowances and unearned interest — Note 3)	96,669,853	81,105,804
Discount on notes payable	330,614	289,645
	$97,026,157	$81,450,611
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short term notes payable — Banks	$34,404,000	$37,250,000
— Others	39,446,990	21,750,000
Accrued charges	581,720	527,820
Income taxes	2,251,150	1,015,000
Current accounts payable to Massey-Ferguson Limited and Massey-Ferguson Inc.	2,558,456	4,983,355
	$79,242,316	$65,526,175
Equity of Massey-Ferguson Limited and its subsidiaries:		
Interest bearing notes payable (Note 4)	$ 4,078,000	$ 4,000,000
Share capital	10,893,100	11,001,100
	$14,971,100	$15,001,100
Retained earnings	2,812,741	923,336
	$17,783,841	$15,924,436
	$97,026,157	$81,450,611

Notes:

1. The above statement combines the accounts of Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Finance Corporation (U.S.A.). The assets and liabilities of the United States company are included in 1963 on the basis of current exchange rates, and its share capital on the basis of rates prevailing at date of issue. In the 1962 comparative statement such accounts are included on the basis of U.S. $1 = Can. $1.

2. While the books of both companies are maintained, and their tax returns are filed, on a cash receipt and disbursement method, the above combined statement of assets and liabilities incorporates adjustments to reflect the financial position of the companies on an accrual basis of accounting.

3. Approximately $51,000,000 or 47% of the notes receivable mature beyond one year. Receivables are shown net of the following provisions —

	1963	1962
Unearned interest	$ 9,502,784	$ 8,153,632
Allowance for doubtful accounts	2,013,100	1,750,000
	$11,515,884	$ 9,903,632

4. The interest bearing notes payable include $1,078,000 in 1963 and $1,000,000 in 1962 which are subordinated to the short term notes payable to banks.

AUDITORS' REPORT

To the Shareholders of
Massey-Ferguson Limited:

We have examined the combined statement of assets and liabilities of Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Finance Corporation as at October 31, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statement presents fairly the combined assets and liabilities of Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Finance Corporation as at October 31, 1963 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in exchange translation procedures referred to in Note 1, which change we approve.

Toronto, Canada,
December 13, 1963.

Clarkson, Gordon & Co
Chartered Accountants.

Photo by David Forber

TOLEDO with its famous 750-year-old cathedral against the skyline amidst fortresses and palaces forms the background of this picture from Spain. Agriculture contributes some 40 per cent of the national income and the production of food and fibre occupies about one-half of the population. Almost all of the grain crop is still sown by hand and 50 per cent of it is hand cut.

As in many of the 140 markets and territories served by Export Operations, based in the United Kingdom, farm mechanization is only in its early stages. It is not surprising, however, to meet MF tractors in or near almost all world-wide cities, towns and villages for there are one and three-quarter million of them currently in operation. Some are about 15 years old but more than 500,000 are from the last four years' MF production. Over the post-war period the original Ferguson System and related draft control developments have had an unique influence on world-wide tractor design. During 1963 about 85 per cent of all tractors manufactured by the industry in the western world were based on Ferguson System principles.

FINANCIAL REVIEW

BASIS OF CONSOLIDATION

The 1963 statement of consolidated income covers the operations throughout the world of the company and all its subsidiaries. The companies consolidated are the same as in 1962. In this as in previous reports "subsidiary companies" are those in which the company owns more than half of the voting shares and "associated companies" are those in which it owns half or less of the voting shares.

Following the practice of prior years, associated companies and the wholly-owned finance companies, Massey-Ferguson Finance Corporation and Massey-Ferguson Finance Company of Canada Limited, are shown as investments on the consolidated balance sheet. A combined statement of assets and liabilities for

STATISTICAL SUMMARY *(All dollars in millions except per share statistics)*

YEAR	BUSINESS ACTIVITY				OPERATING SUMMARY				
	Average Number of Employees	Total Assets	Net Sales	Asset Turnover	Gross Profit	Gross Margin	Profit Before Income Taxes	Pre-Tax Margin	Income Taxes
1956	23,232	$296.0	$355.1	120.0 %	$ 53.2	15.0 %	$ 7.5	2.1 %	$(8.5)
1957	21,481	286.1	390.8	136.6	61.9	15.8	0.6	0.2	(10.3)
1958	23,808	310.0	420.2	135.5	78.9	18.8	21.7	5.2	(12.1)
1959	29,955	465.3	475.5	102.2	96.9	20.4	27.1	5.7	(13.3)
1960	35,376	458.0	490.4	107.1	99.9	20.4	19.8	4.0	(10.5)
1961	38,397	507.9	519.3	102.2	108.2	20.8	25.2	4.9	(13.1)
1962	39,806	533.5	596.1	111.7	127.8	21.4	32.4	5.4	(14.3)
1963	**41,089**	**560.8**	**685.7**	**122.3**	**154.7**	**22.6**	**41.8**	**6.1**	**(17.7)**

YEAR	LIQUIDITY		CHANGES IN FIXED ASSETS				SOURCE OF ASSET	
							Liabilities	
	Net Current Assets	Current Ratio	Depreciation of Building and Equipment	Amortization of Tooling	Total Depreciation and Amortization	Additions	Current	Other
1956	$170.3	3.7	$ 5.5	$ 1.6	$ 7.1	$14.7	20.9 %	26.8 %
1957	156.4	3.5	5.9	2.5	8.4	12.2	21.8	27.5
1958	153.5	2.8	6.4	2.2	8.6	16.3	26.5	24.0
1959	174.8	2.0	8.3	3.8	12.1	68.9	36.6	21.7
1960	175.6	2.1	13.4	5.4	18.8	16.9	33.8	22.3
1961	179.4	1.9	13.8	5.3	19.1	25.7	37.7	20.8
1962	189.7	1.9	15.3	4.9	20.2	21.6	38.2	20.0
1963	**250.4**	**2.6**	**15.5**	**4.9**	**20.4**	**29.3**	**28.8**	**26.0**

the two finance companies is presented on page 18.

BASIS OF EXCHANGE TRANSLATION

In May 1962 the Canadian government departed from its policy of permitting the Canadian dollar to fluctuate freely with other world currencies and established a value of 92.5 per cent of the United States dollar, with fluctuations limited by the regulations of the International Monetary Fund. As announced in the 1962 Annual Report the basis of translation of the financial statements of United States companies has been changed effective as of the beginning of the 1963 year to a new translation basis in line with the change in Canadian monetary policy.

The current assets, liabilities, income and expense of United States companies have been included at current rates of exchange (1962 basis was U.S. $1 = Can. $1) as have long term liabilities of all companies (in prior years long term liabilities were translated at prevailing rates at date of issue). The change has resulted in a favourable adjustment shown on the Consolidated Statement of Retained Earnings of approximately $2.7 million; had the present basis of translation been in effect in prior years the reported net income for 1962 would have been approximately $1.7 million greater, with the remaining balance of $1.0 million attributable to previous years.

EXCHANGE ADJUSTMENT

In recent years the statement of consolidated income has shown substantial favourable

		SHAREHOLDERS' EQUITY		INCOME DISTRIBUTION				
Tax redits	Net Income (Loss)	Total	Return on Equity	Dividends on Preferred Shares	Net Income (Loss) for Common Shares	Dividends on Common Shares	Income Retained	YEAR
$4.1	$ 3.1	$154.8	2.0 %	$1.1	$ 2.0	$4.8	$ (2.8)	1956
5.0	(4.7)	145.0	(3.2)	1.1	(5.8)	3.8	(9.6)	1957
3.4	13.0	153.3	8.5	1.1	11.9	3.8	8.1	1958
7.2	21.0	193.9	10.8	1.1	19.9	4.7	15.2	1959
3.9	13.2	200.9	6.6	1.4	11.8	4.8	7.0	1960
3.1	15.2	210.8	7.2	1.4	13.8	4.9	8.9	1961
—	18.1	222.8	8.1	1.4	16.7	4.9	11.8	1962
—	**24.1**	**253.5**	**9.5**	**1.4**	**22.7**	**6.6**	**16.1**	**1963**

	SHAREHOLDERS			PER COMMON SHARE					
		Shares Outstanding							
eholders' uity	Shareholders	Preferred	Common	Sales	Net Income (Loss)	Dividends	Income Retained	Equity	YEAR
2.3 %	34,535	245,596	9,519,155	$37.31	$0.22	$0.50	$(0.28)	$13.57	1956
0.7	35,398	243,646	9,519,155	41.05	(0.61)	0.40	(1.01)	12.56	1957
9.5	34,024	242,570	9,552,248	44.00	1.25	0.40	0.85	13.39	1958
1.7	41,459	259,860	12,075,911	39.38	1.65	0.40	1.25	13.79	1959
3.9	42,171	259,665	12,098,471	40.54	0.97	0.40	0.57	14.34	1960
1.5	40,089	259,610	12,200,868	42.56	1.13	0.40	0.73	15.03	1961
1.8	40,359	254,834	12,268,599	48.59	1.36	0.40	0.96	15.97	1962
5.2	**40,363**	**254,748**	**13,495,948**	**50.81**	**1.68**	**0.50**	**1.18**	**16.81**	**1963**

"Exchange Adjustments" which have resulted from the year to year fluctuation of foreign currencies vis-à-vis the Canadian dollar in which Massey-Ferguson balance sheets have been presented. In the period 1960-1962 the value of other major world currencies increased relative to the Canadian dollar and thus produced a substantial favourable exchange adjustment. In 1963 major world currencies including the Canadian dollar were relatively stable, and created a relatively minor "Exchange Adjustment" for the year.

ACCOUNTING AND AUDITING PRACTICE

Many governments prescribe accounting procedures to be followed by resident companies, who are then committed to certain practices which they might not follow if they were situated in North America. The differing practices of some overseas subsidiaries do not materially affect the reported financial statements of Massey-Ferguson, and in all significant areas accounting and reporting practices comply with North American standards. The auditing practices carried out with respect to the audit of subsidiary companies are in accordance with local regulations as well as within the framework of generally accepted North American auditing standards.

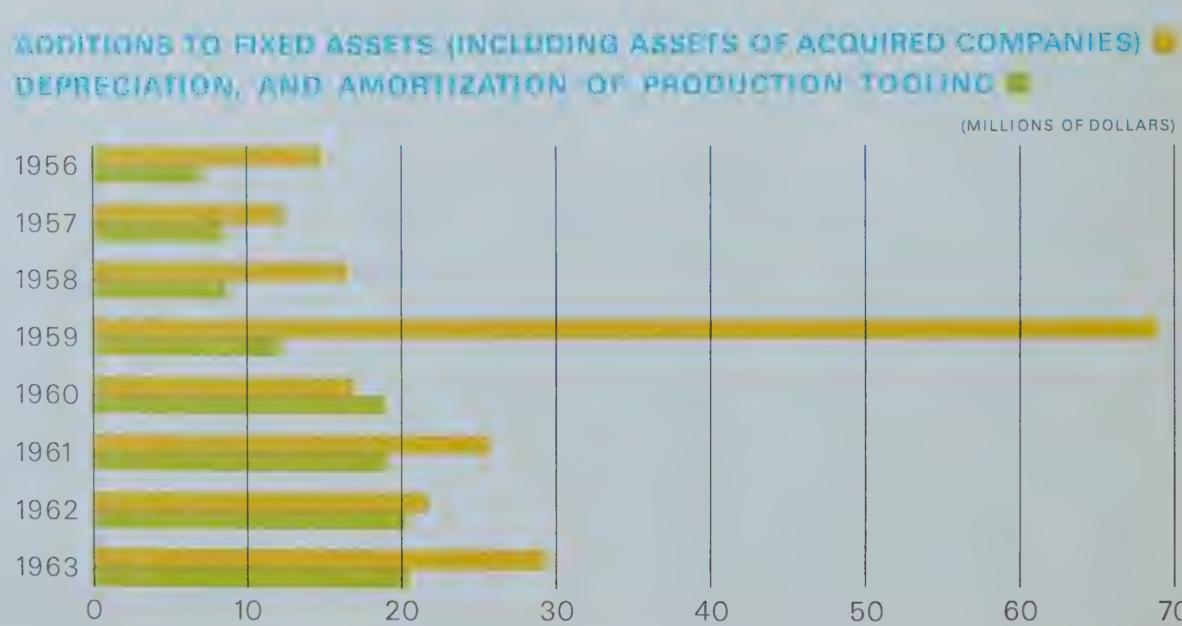
CAPITAL EXPENDITURES

During 1963 expenditures on capital facilities totalling $29 million were made, largely in North America and the United Kingdom. The construction of the new combine manufacturing plant at Brantford, Ontario was completed ahead of schedule and shipments are due to commence early in calendar 1964. In the United Kingdom major expansion of the Perkins engine facilities at Peterborough was begun as well as construction of leased diesel engine facilities at Spennymoor.

Further efforts to expand and improve our present product line will necessitate large capital expenditures. The expenditures for new plants, new products, and improvements in present facilities to achieve high levels of manufacturing efficiency with associated cost savings will result in 1964 capital expenditure of an estimated $45 million.

PROVISION FOR DEPRECIATION OF FIXED ASSETS AND AMORTIZATION OF PRODUCTION TOOLING

Depreciation of facilities is provided at rates which have been designed to write off these assets over a conservative estimate of their useful life. Production tooling of a new product or major product change is generally amortized



over a three year period commencing with the first year of full utilization of the tooling concerned, while tooling for replacements for minor product changes is charged against income at the time of purchase.

Depreciation and amortization are estimated at approximately $25 million in 1964, as compared with $20.4 million in 1963 and $7.1 million in 1956.

Certain governments, in order to encourage capital expenditures, allow depreciation and amortization for income tax purposes at higher rates than the anticipated life of the asset would indicate is necessary. In such countries the Massey-Ferguson companies, following generally accepted North American accounting practices, do not report increased income from the resulting tax reduction but instead credit a deferred income tax account which will be brought into income in future years when more depreciation is provided in the accounts than will be available for tax purposes. This latter situation occurred in 1963, thus accounting for the reduction in "Deferred Income Taxes" during the year.

WORKING CAPITAL

Working capital increased $60.6 million over the 1962 position to $250.4 million and the company ended the year with $2.55 of current assets for each dollar of current liabilities as compared to $1.93 in 1962.

Last year's receivables, restated on a comparable basis to the 1963 figure of $193.5 million, would have been approximately $198.5 million. The decrease effected in 1963 has been largely due to improved collection activity in North America and the United Kingdom

SOURCE AND USE OF FUNDS (MILLIONS OF DOLLARS)

	1963	1962	1961
SOURCE OF FUNDS			
Net income for the year	$ 24.1	$18.1	$15.2
Depreciation, and amortization of production tooling	20.4	20.2	19.1
TOTAL CASH FLOW	44.5	38.3	34.3
Reduction in investment in subsidiary and associated companies		1.4	0.5
Net book value of fixed asset disposals	1.5	1.5	1.8
Increase in deferred income taxes			1.7
Increase in long term debt and minority interest in subsidiaries	69.7	7.2	6.1
Issue of preferred and common shares, less expenses of issue	11.9	0.2	0.9
Other	3.2		
TOTAL	$130.8	$48.6	$45.3
USE OF FUNDS			
Additions to fixed assets, including assets of acquired companies	$ 29.3	$21.6	$25.7
Reduction in long term debt and minority interest in subsidiaries	29.6	5.0	4.5
Payment of preferred share dividends	1.4	1.4	1.4
Payment of common share dividends	6.6	4.9	4.9
Increase in investment in associated companies	0.2		
Increase in investment in North American finance companies	1.9	4.1	2.3
Decrease in deferred income taxes	1.2	0.8	
Other		0.5	2.7
TOTAL	70.2	38.3	41.5
Increase in working capital	60.6	10.3	3.8
TOTAL	$130.8	$48.6	$45.3

in the face of increased sales. Approximately 13 per cent of the notes and accounts receivable mature beyond one year as compared with 17 per cent at the end of 1962. Continuing the improvement noted last year, receivables at the end of 1963 represent 28.2 per cent of sales compared to 32.3 per cent in 1962.

Inventories increased $8.1 million to $201.4 million, but as noted in the Directors' report on a comparable Canadian dollar basis for the two years 1963 inventories were slightly lower. Improved planning of factory production requirements has resulted in a slight decrease in raw materials and work in process. An improvement in the turnover rate from 3 times in 1962 to 3.4 times in 1963 has resulted from more stringent inventory control.

Short term borrowings of $24.4 million (exclusive of borrowings by the North American finance companies) have decreased $55.6 million from 1962, as a result of the financing undertaken in 1963 as referred to in the report of the Directors. Short term borrowings by the North American finance companies increased $14.9 million to $73.9 million to provide funds for the $15.6 million increase in the finance companies' receivables.

ASSETS EMPLOYED

Although 1963 sales increased $89.6 million over 1962, greater emphasis on utilization of assets has held the increase in assets employed supporting this greater sales volume to $27.2 million.

The table below illustrates the geographical distribution of assets for the past five years. The increase in the assets employed in Africa is indicative of the importance placed by the company on the future development of mechanized agriculture in this continent.

The apparent increase in gross assets employed in Latin America is largely the result of inflation, as the company translates the assets and liabilities of subsidiaries at official rates of exchange. In recognition of the inflation in this area every effort has been made to reduce the exposure to risk and to this end the net company investment has remained relatively constant throughout 1963.

STATISTICAL SUMMARY

This year a Statistical Summary has been presented in the Annual Report in order to provide, at a glance, some of the pertinent facts of the company over past years. Data for years prior to 1956 are not comparable, hence the summary has been restricted to eight years. It is the intention to expand this summary to cover a ten year period by 1965.

GEOGRAPHICAL DISTRIBUTION OF ASSETS EMPLOYED (MILLIONS OF DOLLARS)

	1963	1962	1961	1960	1959
NORTH AMERICA	**$253.3**	$230.5	$234.5	$237.6	$263.2
EUROPE	**230.4**	233.8	228.4	184.3	173.6
AUSTRALIA	**30.6**	29.6	28.0	28.1	23.9
LATIN AMERICA	**24.6**	18.3	12.7	4.1	0.5
AFRICA	**20.8**	20.2	4.1	3.3	3.5
ASIA	**1.1**	1.1	0.2	0.6	0.6
TOTAL	**$560.8**	$533.5	$507.9	$458.0	$465.3

NET SALES BY TERRITORIES
(MILLIONS OF DOLLARS)

TERRITORIES	1963 % of Total	1963 Amount $	1962 $	1961 $	1960 $	1959 $	1958 $	1957 $	1956 $
NORTH AMERICA									
CANADA	*11.2*	76.5	62.8	52.5	61.8	55.6	40.3	41.5	45.0
UNITED STATES	*24.3*	166.5	145.1	136.7	144.4	162.1	130.3	89.5	98.0
TOTAL	*35.5*	243.0	207.9	189.2	206.2	217.7	170.6	131.0	143.0
EUROPE									
UNITED KINGDOM	*13.4*	91.8	78.7	76.3	65.6	69.3	56.5	49.8	38.5
FRANCE	*11.7*	80.2	71.7	62.3	56.0	63.7	79.0	87.7	68.7
GERMANY	*5.5*	37.6	38.9	34.2	20.3	15.0	10.1	9.6	7.0
SCANDINAVIA	*4.6*	31.7	37.9	31.7	22.5	18.5	16.0	18.5	16.4
ITALY	*2.8*	19.5	14.5	7.6	3.3	1.9	2.2	2.8	1.9
BENELUX	*0.8*	5.8	7.5	6.6	5.1	4.1	2.9	4.5	3.4
SPAIN	*0.7*	5.1	6.2	2.3	0.7	0.9	1.5	0.2	0.9
AUSTRIA	*0.7*	4.9	6.0	4.6	3.6	2.1	3.6	2.6	1.1
YUGOSLAVIA	*0.4*	2.4	2.7	5.1	11.1	8.3	6.7	5.8	3.3
OTHER	*0.6*	3.8	4.2	3.5	2.9	3.0	2.8	2.0	1.5
TOTAL	*41.2*	282.8	268.3	234.2	191.1	186.8	181.3	183.5	142.7
AUSTRALASIA	*6.9*	47.5	38.7	34.7	37.9	29.8	27.8	33.0	30.3
AFRICA									
REPUBLIC OF SOUTH AFRICA	*4.1*	28.4	22.0	11.8	10.5	7.1	10.4	14.7	11.0
OTHER	*2.1*	14.6	9.2	8.5	12.9	11.3	9.6	9.6	8.0
TOTAL	*6.2*	43.0	31.2	20.3	23.4	18.4	20.0	24.3	19.0
LATIN AMERICA									
BRAZIL	*3.0*	20.5	10.7	5.8	2.1	0.2	2.4	1.6	2.3
OTHER	*2.4*	16.2	15.3	12.9	10.8	8.0	7.1	8.2	8.7
TOTAL	*5.4*	36.7	26.0	18.7	12.9	8.2	9.5	9.8	11.0
ASIA									
INDIA	*0.6*	3.8	4.1	5.4	8.1	3.3	3.1	3.5	3.1
OTHER	*4.2*	28.9	19.9	16.8	10.8	11.3	7.9	5.7	6.0
TOTAL	*4.8*	32.7	24.0	22.2	18.9	14.6	11.0	9.2	9.1
TOTAL	*100.0*	685.7	596.1	519.3	490.4	475.5	420.2	390.8	355.1

NET SALES BY QUARTERS
(MILLIONS OF DOLLARS)

3 MONTHS ENDED	1963 % of Total	1963 Amount $	1962 $	1961 $	1960 $	1959 $	1958 $	1957 $	1956 $
JANUARY 31	*16.1*	110.4	96.6	86.8	87.9	82.5	74.5	65.0	60.8
APRIL 30	*27.6*	189.4	167.2	141.8	133.1	142.8	124.1	110.4	99.3
JULY 31	*26.3*	180.4	154.1	133.7	131.2	137.7	119.3	125.6	107.1
OCTOBER 31	*30.0*	205.5	178.2	157.0	138.2	112.5	102.3	89.8	87.9
TOTAL	*100.0*	685.7	596.1	519.3	490.4	475.5	420.2	390.8	355.1

NET SALES BY PRODUCTS
(MILLIONS OF DOLLARS)

PRODUCTS	1963 % of Total	1963 Amount $	1962 $	1961 $	1960 $	1959 $	1958 $	1957 $	1956 $
TRACTORS	*47.5*	325.9	286.4	243.1	221.4	215.3	193.0	188.5	157.7
GRAIN HARVESTING	*14.1*	97.0	83.8	84.4	86.4	100.5	96.4	88.3	80.2
DIESEL ENGINES	*11.9*	81.3	70.8	52.4	47.7	24.6			
HAY HARVESTING	*5.0*	34.0	29.8	26.0	28.7	29.5	27.1	16.3	15.5
OTHER	*10.9*	74.5	62.5	58.1	57.5	56.7	58.7	55.8	61.9
PARTS	*10.6*	73.0	62.8	55.3	48.7	48.9	45.0	41.9	39.8
TOTAL	*100.0*	685.7	596.1	519.3	490.4	475.5	420.2	390.8	355.1

AFRICA

REPUBLIC OF SOUTH AFRICA

MASSEY-FERGUSON (SOUTH AFRICA) LIMITED
Steel Road, Vereeniging, South Africa.

Directors: Col. K. Rood, Chairman; Dr. L. B. Knoll, Managing Director; L. J. Boon (alternate R. Ramsay); C. H. Brink (alternate R. R. A. Champion); A. A. Thornbrough (alternate R. D. Harris); K. C. Tiffany (alternate F. G. Brand); Dr. J. G. F. van der Merwe (alternate C. J. F. Human); G. J. van Zyl (alternate J. H. Smit).

SOUTH AFRICAN FARM IMPLEMENT MANUFACTURERS LIMITED
Steel Road, Vereeniging, South Africa.

Directors: Col. K. Rood, Chairman; Dr. L. B. Knoll, Managing Director; C. H. Brink (alternate C. J. F. Human); W. B. Coetzer (alternate J. H. Smit); R. D. Harris; R. Ramsay.

VEREENIGING, (386,700 sq. ft.)—Maize Harvesters; Mouldboard, Disc and Chisel Plows; Harrows; Cultivators; Tillers; Rotary Hoes; Maize, Cotton and Peanut Planters; Ridgers; Bean Lifters; Toolbars; Earth Scoops; Sub-soilers; Multi-purpose Blades; Combination Cutter Hammermills; Rotary Cutters; Animal Draft Implements; Hay Rakes.

PRODUCTS SUBCONTRACTED—Reversible Plows; Forage Harvesters; Trailers; Bulldozers; Grain and Fertilizer Attachments.

CENTRAL AFRICAN FEDERATION

RHODESIAN PLOUGH & MACHINERY COMPANY (1948) LIMITED
Bulawayo, Southern Rhodesia.

Directors: Sir H. T. Low, Chairman; D. J. Divett, Manager; F. G. Brand; Dr. L. B. Knoll (alternate Sir P. Fletcher); J. W. Phillips; R. Ramsay; L. Rothschild (alternate J. Gilchrist); S. H. Veats.

BULAWAYO, (55,500 sq. ft.)—Animal Draft Implements; Hoes.

AUSTRALIA

MASSEY-FERGUSON HOLDINGS (AUSTRALIA) LIMITED
2 Devonshire Road, Sunshine, Victoria, Australia.

Directors: W. E. Phillips, Chairman; H. P. Weber, Deputy Chairman and Managing Director; J. M. Baillieu; R. R. Law-Smith; J. A. McDougald; E. P. Taylor; A. A. Thornbrough.

MASSEY-FERGUSON (AUSTRALIA) LIMITED
2 Devonshire Road, Sunshine, Victoria, Australia.

Directors: W. E. Phillips, Chairman; H. P. Weber, Deputy Chairman and Managing Director; J. S. Adams; W. A. Critchley; J. K. Gaunt; G. R. Johnson; J. A. McDougald; J. H. Morison; A. A. Thornbrough; J. M. Vance.

MELBOURNE (Sunshine), (1,461,877 sq. ft.)—MF506 and MF585 Headers (self-propelled and pull-type Combines); Sugar Cane Harvesters; Mowers; Drills; Balers; Hay Rakes; Foragers; Heavy Duty Tillers; Cultivators; Harrows; Bale Loaders; Mouldboard and Disc Plows; Spinner Broadcasters; Post Hole Diggers; Jib Cranes; Bulk Trailer Bins; Toolbar Planters; Earth Scoops; Multi-purpose Blades; Cordwood Saws; Scarifiers; Subsoilers; Transporters.

DANDENONG, (16,160 sq. ft.)—Assembly of Industrial Diesel Engines; Engine Reconditioning.

EUROPE

FRANCE

MASSEY-FERGUSON S.A.
56 Avenue Victor Hugo, Paris 16, France.

Directors: L. R. de Rosen, Président-Directeur Général; J. J. Chluski; Societé Générale D'exploitations Industrielles; W. Lattman; W. E. Phillips; M. Rauscher; P. J. Roy; E. P. Taylor; A. A. Thornbrough; H. W. Waite; C. W. Webster; E. W. Young.

MARQUETTE-LEZ-LILLE (1,002,078 sq. ft.)—MF 830 and MF 892 Self-propelled Combines; Combine Presses; Balers; Corn Heads; Mowers; One-way Discs; Disc Harrows; Mouldboard Plows; Tillers; Fertilizer Distributors; Cultivators; Trailers.

BEAUVAIS, (360,000 sq. ft.)—MF20/25S, MF 30, MF 35, MF 37, MF 42 and MF 65 Agricultural Tractors.

PRODUCTS SUBCONTRACTED—Plows; Cultivators; Harrows; Subsoilers; Front End Loaders; Blade Terracers; Earth Scoops; Trailers; One-way Discs; Beet Lifters.

GERMANY

MASSEY-FERGUSON G.m.b.H.
Standeplatz 23, Kassel, Germany.

Directors: E. W. Young, Chairman; W. Lattman, Deputy Chairman; W. Dittmeier; G. Frank; H. A. R. Powell; H. W. Waite.

ESCHWEGE, (596,066 sq. ft.)—MF 30, MF 31, MF 86, MF 87 and 685 S Combines; Mounted Presses and Straw Choppers for Combines; Forage Harvesters; Harrows; Tillers; Spinner Broadcasters; Roller Chain.

PRODUCTS SUBCONTRACTED—Mouldboard Plows; Cultivator-Harrows; Mid-mounted Mowers; Tractor Cabs; Multi-Purpose Trailer; Caliper Grabs; Mounted Winches; Forestry Equipment.

ITALY

LANDINI S.p.A.
20 viale IV Novembre, Reggio Emilia, Italy.

Directors: J. Landini, Chairman; Dr. F. Fadda, General Manager; A. A. Thornbrough; Vice President; G. Canepa; M. I. Prichard; J. H. Shiner; E. W. Young.

FABBRICO, (380,000 sq. ft.)—R 3000, R 4500, R 7000, 2 and 4 Wheel Drive Agricultural Tractors; C 4000 Crawler-type Agricultural and Industrial Tractors (MF 44 and MF 244).

COMO, (115,000 sq. ft.)—Diesel Engines; Tractor components.

PRODUCTS SUBCONTRACTED—Dozers; Loaders; Rippers.

MASSEY-FERGUSON ITALIANA S.p.A.
Corso Venezia 14, Milan, Italy.

Directors: E. W. Young, Chairman; G. Canepa; Dr. F. Fadda; J. H. Shiner; H. W. Waite.

UNITED KINGDOM

MASSEY-FERGUSON HOLDINGS LIMITED
33 Davies Street, London, W.1., England.

Directors: W. E. Phillips, Chairman; E. W. Young, Deputy Chairman; H. A. R. Powell, Managing Director; The Marquess of Abergavenny; J. W. Beith; Lord Crathorne; G. A. Hunt; Sir Anthony Hurd; W. Lattman; W. W. Mawhinney; J. A. McDougald, F. A. Perkins; M. I. Prichard; E. P. Taylor; A. A. Thornbrough; H. W. Waite; I. J. Wallace; C. W. Webster.

MASSEY-FERGUSON (UNITED KINGDOM) LIMITED
Banner Lane, Coventry, England.

Directors: E. W. Young, Chairman; G. A. Hunt, Managing Director; H. J. Hebden; J. A. McDougald; W. E. Phillips; S. E. Spicer; E. P. Taylor; J. H. Taylor; A. A. Thornbrough; H. W. Waite; I. J. Wallace; C. W. Webster; Dr. B. F. Willetts; P. J. Wright.

KILMARNOCK, (746,322 sq. ft.)—MF 400, MF 500 and MF 788 Combines; Buck Rakes; Front End Loaders.

MANCHESTER (Barton Dock Road), (519,366 sq. ft.) — Mowers; Drills; Potato Harvesters; Fertilizer Distributors; Fertilizer Attachments; Manure Spreaders; Shovels and Diggers; Trailers.

COVENTRY (Banner Lane), (1,215,249 sq. ft.) — MF 35 and MF 65 Agricultural Tractors; MF 35 and MF 65 Semi-industrial Tractors; MF 203 and MF 205 Industrial Tractors.

PRODUCTS SUBCONTRACTED — Plows; Disc Harrows; Cultivators; Tillers; Ridgers; Subsoilers; Post Hole Diggers; Potato Planters; Fertilizer Attachments; Weeders; Earth Scoops; Wood Saws; Fork Lifts; Winches; Dump Skips; Compressors; Transport Boxes; Transporters; Spinner Broadcasters; Dumpers; Multi-purpose Blades; Rotary Cutters; Unit Seeders; Flexi-Harrows; Foragers; Hay Conditioners.

EIRE

MASSEY-FERGUSON (EIRE) LIMITED
134/135 Lower Baggot Street, Dublin, Eire.

Directors: G. A. Hunt, Managing Director; J. L. O'Hagan; W. M. Henderson; S. E. Spicer; H. W. Waite; B. E. Williams; P. J. Wright; E. W. Young.

LATIN AMERICA

ARGENTINA

COMPANIA MASSEY-FERGUSON S.R.L.
Balcarce, 340/48, Buenos Aires, Argentina.
Limited Partnership — No Directors.

BRAZIL

MOTOTRAC-MAQUINAS e MOTORES LIMITADA
Avenida Sao Joao 473, Sao Paulo, Brazil.
Limited Partnership — No Directors.

MASSEY-FERGUSON DO BRASIL S.A.
Avenida Sao Joao 473, Sao Paulo, Brazil.

Directors: J. E. Williams, Managing Director; J. P. Fernandes; J. M. Pinheiro Neto; Dr. Lelio de Toledo Piza e Almeida.

SAO PAULO, (59,000 sq. ft.)—MF 50 Tractor.

PRODUCTS SUBCONTRACTED—Disc Plows; Harrows.

MEXICO

MASSEY-FERGUSON DE MEXICO, S.A. DE C.V.
393 Paseo de la Reforma, Piso 6, Mexico, D.F. Mexico.

Directors: A. A. Thornbrough, President (alternate C. Klavins); N. E. Burgess; J. H. Shiner (alternate E. Hidalgo).

NORTH AMERICA

CANADA

MASSEY-FERGUSON LIMITED
915 King Street West, Toronto 3, Ontario.

TORONTO, (1,904,028 sq. ft.)—MF 35 and MF 72 Self-propelled and Pull-type Combines; MF 82, MF Super 92 and MF 300 Self-propelled Combines; Balers; Self-Propelled and Pull-type Swathers; Corn Pickers; Pick-ups; Grain Boxes.

BRANTFORD, (Combine Assembly Plant), (556,400 sq. ft.) — MF 300, MF 410 and MF 510 Self-propelled Combines.

BRANTFORD, (Verity Plant), (511,754 sq. ft.) — Mouldboard and Disc Plows; Chisel Plows; Disc Harrows; Spring Tooth Harrows; Subsoilers; Wide Level Disc Harrows; Mowers; Side Delivery Rakes.

BRANTFORD, ("M" Foundry), (185,229 sq. ft.) — Castings for Massey-Ferguson plants.

WOODSTOCK, (304,800 sq. ft.)—Corn Heads; Cultivators; Harrows; Rotary Hoes; Drills; Planters; Snow Blades; Mounted Tillers; Bedders; Listers; Manure Spreaders; Hay Conditioners.

SUNSHINE OFFICE EQUIPMENT LIMITED
Sunshine Avenue, Waterloo, Ontario, Canada.

Directors: L. L. Lang, Chairman; J. W. Vingoe, President; D. A. Coape-Arnold; J. A. McDougald; W. E. Phillips; A. A. Thornbrough; K. C. Tiffany.

WATERLOO, (276,600 sq. ft.)—Full line of Modern Steel Office Furniture; Metal Partions and Storage Equipment including Steel Shelving and Lockers; Kitchen Equipment; Steel Garage Doors; Steel Stampings.

MASSEY-FERGUSON FINANCE COMPANY OF CANADA LIMITED
915 King Street West, Toronto 3, Ontario.

Directors: A. A. Thornbrough, Chairman; D. A. Coape-Arnold, President; R. L. T. Baillie; L. H. Pomeroy; J. G. Staiger; J. H. Shiner; K. C. Tiffany.

UNITED STATES

MASSEY-FERGUSON INC.
12601 Southfield Road, Detroit, Michigan, U.S.A.

Directors: A. A. Thornbrough, Chairman; D. A. Coape-Arnold, President; P. L. Horton; K. C. Tiffany; R. L. Tweedale; J. A. Vance; J. A. Wickizer.

DETROIT, (Tractor Assembly Plant), (518,427 sq. ft.) — MF 35, MF 50, MF 65, MF 90 Agricultural Tractors; MF 202, MF 203, MF 204, MF 205, MF 302, MF 304 Industrial Tractors; MF 35 and MF 65 Utility Tractors; MF 356 Shovel Loader; MF 202 and MF 204 Fork Lifts; Backhoes; Loaders; Multi-purpose Blades; Post Hole Diggers; Dozer Blades; Fork Lift Kits.

DETROIT, (Transmission and Axle Plant), (185,967 sq. ft.) — Transmissions and axles for North American Tractor Assembly Plant and components for other plants.

FOWLER, (68,572 sq. ft.)—Cultivators; Disc Harrows; Spring Tooth Harrows; Reversible Disc Plows; Tool Carriers; Fork Lifts; Utility and Terracer Blades.

PRODUCTS SUBCONTRACTED (NORTH AMERICA)—MF 97 Tractor; Suburban Tractors and Allied Equipment; Forage Harvesters; Fertilizer Spreaders; Soil Scoops; Farm Wagons; Rotary Cutters; Hay Packers; Windrow Turners; Bale Throwers; Manure Spreaders; Combine Cabs; Wheel Rakes.

MASSEY-FERGUSON FINANCE CORPORATION
12601 Southfield Road, Detroit, Michigan, U.S.A.

Directors: D. A. Coape-Arnold, Chairman and President; P. L. Horton; K. C. Tiffany; R. L. Tweedale; J. A. Vance; J. A. Wickizer.

PERKINS GROUP

F. PERKINS LIMITED
Peterborough, England.

Directors: M. I. Prichard, Managing Director; J. G. Dawson; T. H. R. Perkins; W. E. Phillips; T. A. Read; A. A. Thornbrough; K. E. Woollatt; E. W. Young.

PETERBOROUGH, (Eastfield), (785,040 sq. ft.) — High speed diesel engines for marine, automotive, agricultural and industrial purposes; Industrial Gas-turbines.

PETERBOROUGH, (Queen St.), (120,510 sq. ft.) — Engine reconditioning.

PETERBOROUGH, (Walton), (169,500 sq. ft.) — Outboard Motors.

PERKINS ENGINES LIMITED
Peterscourt, Peterborough, England.

Directors: M. I. Prichard, Chairman; T. H. R. Perkins, Managing Director; J. M. G. Collins; J. G. Dawson; T. A. Read.

PERKINS OUTBOARD MOTORS LIMITED
Peterborough, England.

Directors: J. M. G. Collins; J. G. Dawson; T. H. R. Perkins; M. I. Prichard.

PERKINS GAS TURBINES LIMITED
Peterborough, England.

Directors: J. M. G. Collins; J. G. Dawson; C. Dykes; T. H. R. Perkins; M. I. Prichard.

PERKINS ENGINES (PTY.) LIMITED
Princes Highway, Dandenong, Victoria, Australia.

Directors: C. R. Frearson, General Manager; J. M. G. Collins (alternate S. C. G. Macindoe); T. H. R. Perkins; P. J. V. Ramsden; M. I. Prichard.

PERKINS ENGINES (PTY.) LIMITED
4 Simmonds Southway, Park Central, Johannesburg, South Africa.

Directors: A. H. Brink; E. V. Buchanan; J. M. G. Collins (alternate A. M. Cross); T. H. R. Perkins; M. I. Prichard.

MOTEURS PERKINS S.A.
55 Boulevard Ornano, Saint Denis (Seine), France.

Directors: G. D. Deboutteville, Président-Directeur Général; B. C. Bell; J. Bondon; Perkins Engines Limited; M. I. Prichard; Emile Roche; Baron Roger.

PARIS (St. Denis), (152,500 sq. ft.)—Diesel Engines.

PERKINS MOTOREN G.m.b.H.
Aschaffenburg, Maximillianstrasse 12, West Germany.

PERKINS ENGINES INCORPORATED
12345 Kercheval Ave, Detroit, Michigan, U.S.A.

Directors: M. I. Prichard, President; J. P. Allan; R. H. Jansa, Vice President and General Manager; T. H. R. Perkins; J. A. Vance.

MOTORES PERKINS S.A.
Avenida Wallace Simonsen 13, Sao Bernardo do Campo, State of Sao Paulo Brazil.

Directors: Dr. M. Garcia Filho, Chairman; J. Winstanley, Managing Director; J. L. Cabello Campos; P. L. Kauffmann; J. M. Pinheiro Neto; Dr. P. Uchoa de Oliveira; J. W. Simonsen.

SAO PAULO, (150,000 sq. ft.)—Diesel Engines.

PERKINS MOTORI S.p.A.
Via Pasquale Paoli 9A, Camerlata, Como, Italy.

Directors: Dr. F. Fadda; Dr. G. Parente; M. I. Prichard.

EXPORT

MASSEY-FERGUSON (EXPORT) LIMITED
Banner Lane, Coventry, England.

Directors: E. W. Young, Chairman; J. W. Beith, Managing Director; E. J. Davies; W. W. Mawhinney; W. E. Phillips; W. Reed-Lewis; J. H. Shiner; H. W. Waite; I. J. Wallace.

INTERNATIONAL GROUP

AGROTRAC A.G.
Gartenstrasse 2, Zug, Switzerland.

Directors: W. Lattman, Chairman; Dr. P. Gmuer; Dr. H. Steinemann; Dr. C. Stucki; H. W. Waite; J. P. Wleugel.

MASSEY-FERGUSON INTERNATIONAL CORPORATION
8-40 Central Avenue, Panama City, R.P.
Swiss Branch Office: Gubelstrasse 19, Zug, Switzerland.

Directors: W. Lattman, Chairman; E. Icaza; Dr. P. Gmuer; G. de Paredes; J. P. Wleugel; E. W. Young.

MASSEY-FERGUSON SERVICES N.V.
Pietermaaiweg 22C, Curacao, Netherlands Antilles.

Directors: W. Lattman, Senior Managing Director; J. J. A. Ellis; H. J. Roefstra; J. F. Sonnett.

PERKINS SERVICES N.V.
Pietermaaiweg 22C, Curacao, Netherlands Antilles.

Directors: W. Lattman, Senior Managing Director; J. J. A. Ellis; H. J. Roefstra; J. F. Sonnett.

ASSOCIATE COMPANIES

MASSEY-FERGUSON-BUTLER LIMITED
Market Chambers, Shelton Square, Coventry, England.

Directors: G. A. Hunt, Chairman; E. J. Howse, Managing Director; H. A. Edlund; J. A. Morgan; H. A. R. Powell; S. E. Spicer.

Grain Storage Bins; Stor-N-Dry Systems; Bulkomatic Feed Tanks; Bulk Storage Tanks; Auger Conveyors; Panl-Frame Farm Buildings; Commercial and Industrial Buildings.

TRACTORS AND FARM EQUIPMENT LIMITED
P.O. Box 3302, Madras 34, India.

Directors: S. Anantharamakrishnan, Chairman; L. J. Boon (alternate J. Deavin); S. Raghavachari; A. A. Thornbrough (alternate G. F. Muirhead); M. V. Venkatraman.

MADRAS, (88,500 sq. ft.) — MF 35 Tractor and implements.

Massey-Ferguson Limited

200 UNIVERSITY AVE., TORONTO 1, CANADA

DIRECTORS

*W. Eric Phillips
Chairman of the Board and Chief Executive Officer

*E. P. Taylor
Chairman, Executive Committee

*Hon. G. Peter Campbell, Q.C.
Deputy Chairman, Executive Committee

The Marquess of Abergavenny
Henry Borden, Q.C.
H. J. Carmichael
Lord Crathorne
Hon. Leslie M. Frost, Q.C.
Charles L. Gundy
Walter Lattman
John D. Leitch
R. W. Main
*John A. McDougald
John H. Shiner
*Albert A. Thornbrough
K. C. Tiffany
H. A. Wallace
*Colin W. Webster

**Member of Executive Committee*

CORPORATE MANAGEMENT

W. Eric Phillips, *Chairman of the Board and Chief Executive Officer*

Albert A. Thornbrough, *President*

J. H. Shiner
Vice President Marketing

K. C. Tiffany
Vice President Finance

H. A. Wallace
Vice President Manufacturing

J. A. Belford
Vice President
Personnel and Industrial Relations

J. J. Chluski
Vice President
Planning and Procurement

J. J. Jaeger
Vice President
Engineering

J. G. Staiger
Vice President
Administration

L. J. Boon
Director
Special Operations

H. G. Kettle
Director Public Relations

H. A. R. Powell
Managing Director
Massey-Ferguson Holdings Limited

R. W. Main
Secretary

J. E. Zimmerman
Comptroller

J. A. Evans
Director Legal Services

OPERATIONS MANAGEMENT

INTERNATIONAL
W. Lattman
President, Massey-Ferguson International Corporation

EXPORT
J. W. Beith
Vice President and Managing Director, Massey-Ferguson (Export) Limited

AUSTRALIAN
H. P. Weber
Managing Director
Massey-Ferguson (Australia) Limited

FRENCH
L. R. de Rosen
Président-Directeur Général
Massey-Ferguson S.A.

GERMAN
R. A. Diez
General Manager
Massey-Ferguson G.m.b.H.

ITALIAN
Dr. F. Fadda
General Manager
Landini S.p.A.
Massey-Ferguson Italiana S.p.A.

NORTH AMERICAN
D. A. Coape-Arnold
Vice President and General Manager
President, Massey-Ferguson Inc.

UNITED KINGDOM
G. A. Hunt
Managing Director
Massey-Ferguson (United Kingdom) Limited

PERKINS
M. I. Prichard
Managing Director
F. Perkins Limited

SPECIAL OPERATIONS

BRAZIL
J. E. Williams
Managing Director
Massey-Ferguson do Brasil S.A.

SOUTH AFRICA
Dr. L. B. Knoll
Managing Director
Massey-Ferguson (South Africa) Limited

TRANSFER AGENTS AND REGISTRARS

PREFERRED SHARES	TRANSFER AGENTS	REGISTRARS
Toronto, Montreal, Winnipeg and Vancouver	Montreal Trust Company	Crown Trust Company
Halifax	Montreal Trust Company	Canadian Imperial Bank of Commerce
London, England	The British Empire Trust Company, Limited	The British Empire Trust Company, Limited
COMMON SHARES	**TRANSFER AGENTS**	**REGISTRARS**
Toronto	National Trust Company Limited	Canada Permanent Trust Company
Montreal	Canada Permanent Trust Company	Canadian Imperial Bank of Commerce
Vancouver, Winnipeg	National Trust Company Limited	National Trust Company Limited
Halifax	Canadian Imperial Bank of Commerce	Canadian Imperial Bank of Commerce
New York, N.Y.	The Canadian Bank of Commerce Trust Company	The Canadian Bank of Commerce Trust Company
London, England	The British Empire Trust Company, Limited	The British Empire Trust Company, Limited

Photo by David Forbert

Farming in peaceful, prosperous Denmark is characterized by efficient operations, high yields and quality farm products. Seventeen per cent of the country's four and one-half million people are engaged in agricultural industry with a tractor population estimated at 140,000. Twenty years ago it was only about 4,000 tractors. MF sales in 1963 in Scandinavia, our largest export market, were $32 million.

PRINTED IN CANADA
Sampson-Matthews Li

Jan 16, 1963

A copy of this Prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Companies Act.

The common shares referred to herein are not being offered in the United States of America or its territories or possessions and have not been registered under the United States Securities Act of 1933. This prospectus is not, and under no circumstances is to be construed as, an offering of any of such common shares for subscription or sale in the United States of America or in its territories or possessions or an offering to any resident of the United States of America or its territories or possessions or a solicitation of an offer from any such resident to subscribe for or purchase any of such shares.

New Issue

1,226,894 Common Shares

without nominal or par value

of

Massey-Ferguson Limited

(Incorporated under the laws of Canada)

The Company is issuing to the holders of its common shares of record at the close of business on January 31, 1963, rights evidenced by transferable subscription warrants to subscribe for common shares of the Company at the price of $10 per share (Canadian funds) on the basis that holders of common shares of record at such time will be given the right to subscribe for one common share for each ten common shares held at such time, making a total offering of 1,226,894 common shares.

Subscriptions for shares will not be accepted from residents of the United States of America or its territories or possessions but the Company understands that such residents may sell in Canada the rights represented by their subscription warrants.

It is expected that the rights will be traded on the Toronto, Montreal, Vancouver and London (England) Stock Exchanges until shortly before they expire.

THE RIGHT TO SUBSCRIBE FOR COMMON SHARES WITHOUT NOMINAL OR PAR VALUE EVIDENCED BY THE SUBSCRIPTION WARRANTS EXPIRES AT 4:30 O'CLOCK IN THE AFTERNOON (EASTERN STANDARD TIME) ON MARCH 15, 1963.

Subscription Price: $10 per share

(Canadian funds), payable on subscriptions for common shares pursuant to the rights.

As mentioned herein, Wood, Gundy & Company Limited (the "Underwriter") has agreed to purchase from the Company at $10 per share (Canadian funds) the common shares offered hereby less the aggregate number thereof issued pursuant to exercise of the rights, subject to approval of all legal matters on behalf of the Company by Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto, and on behalf of the Underwriter by Messrs. Tory, Arnold, DesLauriers & Binnington, Toronto.

February 6, 1963

Clarkson, Gordon & Co. have given and not withdrawn their consent to the issue of this prospectus with the inclusion therein of their reports upon the statement of consolidated earnings for the ten fiscal years ended October 31st, 1962, the consolidated balance sheet and pro forma consolidated balance sheet as at October 31st, 1962 and the combined statement of assets and liabilities, October 31st, 1962 in the form and context in which they are included.

Wood, Gundy & Company Limited have given and not withdrawn their consent to the issue of this prospectus with the inclusion therein of their opinion in the form and context in which it is included.

Consent of the United Kingdom Treasury has been obtained to this issue in compliance with the order made under Section 1 of The Borrowing (Control and Guarantees) Act 1946; it must be distinctly understood that in giving this consent the Treasury does not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them. A copy of this document has been delivered to the Registrar of Companies in England. Application has been made to the Council of the Stock Exchange, London, for permission to deal in and quotation for the common shares to be issued.

The following information with regard to the business and affairs of Massey-Ferguson Limited has been furnished by W. Eric Phillips, Chairman of the Board and Chief Executive Officer.

The Company

The business of Massey-Ferguson Limited (hereinafter referred to as the "Company") is worldwide extending to 161 countries. Established in 1847, the business has been in continuous operation for 115 years and the Company is one of the largest producers of farm machinery in the world.

The Company and its subsidiaries produce a full line of farm machinery, including tractors, combines, tillage, seeding, haymaking and other harvesting machinery. They also produce light industrial tractors, industrial equipment and diesel engines. Sunshine Office Equipment Limited, a subsidiary in Waterloo, Ontario, manufactures and sells a line of modern steel office furniture and other metal products.

The Company directly, or through its subsidiaries, owns or leases plants in Toronto, Brantford, Woodstock and Waterloo, Ontario; Detroit, Michigan; Fowler, California; Coventry, Manchester and Peterborough, England; Kilmarnock, Scotland; Marquette, Beauvais, and St. Denis, France; Fabbrico and Como, Italy; Eschwege, Germany; Vereeniging, South Africa; Bulawayo, Southern Rhodesia; Sao Paulo, Brazil; and Dandenong and Sunshine, Australia.

As part of its policy to become, in the fullest sense, a worldwide manufacturing concern, the Company acquired in 1959 the tractor manufacturing plant of The Standard Motor Company Limited in Coventry, England, and a subsidiary tractor plant in France. In 1959 the Company also acquired the Perkins group, diesel engine manufacturers with factories in Peterborough, England. Perkins also have manufacturing license arrangements in Argentina, India, Spain and Yugoslavia.

In 1960 the Landini Company in Italy was acquired; this subsidiary company operates a tractor assembly plant and a diesel engine factory.

In 1961, Tractors and Farm Equipment Limited, a company incorporated in India, commenced assembling tractors and certain implements of Massey-Ferguson design under license. The Company has a 49% interest in the capital of Tractors and Farm Equipment Limited.

In 1962 work was begun on a new combine manufacturing plant in Brantford, Ontario.

In recent years management attention has been directed particularly to the product line. A large number of new products have been brought into the general implement line and new models of tractors and combines have been developed. The Company has purchased the worldwide manufacturing and marketing rights to the Lundell haypacker, a machine which could lead to a revolutionary system for the making and handling of hay. A new sugar cane harvester developed in Australia was introduced in 1962 in a number of markets throughout the world.

In 1961 the Company entered into association with the Butler Manufacturing Company of Kansas City, Missouri, for the marketing and eventual manufacturing of grain storage and handling equipment, bulk feed bins and farm buildings in the United Kingdom.

The Company and its subsidiaries have approximately 40,000 employees throughout the world.

Purpose of Issue

The net proceeds from the sale of the common shares offered hereby will be used for general corporate purposes and initially to improve the working capital position of the organization.

Massey-Ferguson Limited

Statement of Consolidated Earnings

For the Ten Fiscal Years Ended October 31, 1962

	Fiscal year ended October 31									
	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953
Consolidated income before depreciation, interest on long term debt, exchange adjustments, minority interest in subsidiaries and income taxes	$55,991,442	$44,998,087	$40,610,946	$44,855,264	$35,453,726	$15,562,574	$19,253,462	$28,811,421	$24,237,083	$24,464,425
Deduct:										
Depreciation charges (note 7)	$20,235,896	$19,130,421	$18,761,090	$12,130,775	$ 8,584,503	$ 8,367,023	$ 7,095,946	$ 4,983,562	$ 3,948,284	$ 3,545,489
Interest on long term debt	5,066,054	5,125,133	4,839,198	3,442,826	3,403,024	3,408,082	2,967,858	2,173,044	2,230,814	2,153,875
Exchange loss (gain)	(2,439,380)	(4,762,895)	(3,014,230)	1,890,694	1,449,418	2,958,719	1,455,769	179,109	387,199	90,406
Minority interest in subsidiaries	733,007	238,388	231,028	226,825	304,630	224,950	167,742	—	—	—
	$23,595,577	$19,731,047	$20,817,086	$17,691,120	$13,741,575	$14,958,774	$11,687,315	$ 7,335,715	$ 6,566,297	$ 5,789,770
Consolidated income before income taxes	$32,395,865	$25,267,040	$19,793,860	$27,164,144	$21,712,151	$ 603,800	$ 7,566,147	$21,475,706	$17,670,786	$18,674,655
Income taxes	14,321,771	13,120,119	10,539,916	13,345,751	12,086,869	10,387,493	8,475,658	9,307,151	9,781,508	9,724,861
Tax credits (note 2)	—	(3,100,000)	(3,900,000)	(7,200,000)	(3,400,000)	(5,046,352)	(4,068,842)	—	—	—
Consolidated net income or (loss) (before reallocation of tax credits)	$18,074,094	$15,246,921	$13,153,944	$21,018,393	$13,025,282	$(4,737,341)	$ 3,159,331	$12,168,555	$ 7,889,278	$ 8,949,794
Reallocation of tax credits for purposes of summary of earnings (note 2)	—	3,100,000	(560,000) 3,900,000	7,200,000	3,400,000	(8,850,000)	(3,502,500)	(75,000)	(738,000)	(655,000)
Consolidated net income (after reallocation of tax credits)	$18,074,094	$12,146,921	$ 9,813,944	$13,818,393	$ 9,625,282	$ 4,112,659	$ 6,661,831	$12,243,555	$ 8,627,278	$ 9,604,794

Notes to Statement of Consolidated Earnings

1. The above statement has been prepared using the world-wide basis of consolidation followed since 1956 — i.e. it consolidates the earnings of all subsidiary companies. The earnings of newly acquired subsidiaries are included from their respective dates of acquisition. For the years 1956-1962 inclusive the amounts shown as "Consolidated net income or (loss) before reallocation of tax credits" represent the earnings shown in the company's published annual reports; for the years 1953-55 inclusive they represent earnings as restated to reflect the present basis of consolidation. The net income (loss) of the two North American finance companies (incorporated in 1960) which are included in the consolidated earnings shown above, are as follows: 1960 – ($541,407); 1961 — $364,997; 1962 — $1,099,746.
2. The tax credits shown for the years 1958, 1959, 1960 and 1961 represent tax reductions reflected in the accounts in these years by reason of the carry forward of (a) prior years' losses and (b) prior years' provisions and write-offs charged in the accounts but not previously taken into account for tax purposes, and also include in 1961 the reversal of certain prior years' tax provisions no longer required. For purposes of the above summary of earnings these tax credits have been allocated back to the years which gave rise to the losses and/or the years in which the provisions were charged against income as follows:

	Tax credits subject to reallocation	Reallocated as follows
1961	$ 3,100,000	
1960	3,900,000	$ 560,000
1959	7,200,000	
1958	3,400,000	
1957		8,850,000
1956		3,502,500
1955		75,000
1954		738,000
1953		655,000
Prior		3,219,500
	$17,600,000	$17,600,000

The tax credits shown for the years 1956 and 1957 (which remain credited to these years without reallocation) represent principally special tax reductions arising from organizational changes in certain subsidiaries in Europe plus, in 1956, a carry-back tax credit of $1,747,500 resulting from 1956 losses in North America.

3. The earnings of United States companies are included on the basis of U.S. $1 = Can. $1. Earnings of other subsidiary companies outside Canada are included on the basis of the approximate average rates of exchange prevailing during the respective years except that (a) depreciation provisions are generally based on exchange rates prevailing at the date of acquisition of the respective assets and (b) consolidated earnings have been charged or credited with the annual net exchange adjustments resulting from the translation of current assets and current liabilities at approximate year-end exchange rates.

4. Transfers of earnings from companies outside North America are generally subject to the approval of exchange control authorities, but permission to pay dividends is normally obtainable. Dividend payments from subsidiaries in a number of countries are subject to withholding taxes. As the amount of earnings which will be transferred in the future and the rates which will be applicable at that time are not known, such taxes are reflected in consolidated earnings only at the time of actual dividend remittance. Dividend payments to the Canadian parent company by some subsidiary companies are subject to certain restrictions under trust indentures and loan agreements.

5. The consolidated earnings figures shown above include the following profits or (losses) on disposal of capital assets: 1962 — $1,669,665; 1961 — $1,440,083; 1960 — ($583,123); 1959 — $203,374; 1958 — $333,897; 1957 — $552,267; 1956 — $490,715; 1955 — $149,203; 1954 — $121,420; 1953 — $71,147.

6. The following amounts, which in the annual financial statements were charged or (credited) to "Retained Earnings", are not reflected in the above statement: Commission and other expenses relating to capital stock issues: 1959 — $918,298; 1956 — $125,519; 1955 — $928,107; discount and expenses relating to note and debenture issues: 1955 — $156,493; 1953 — $42,084; surpluses arising from acquisition of control of subsidiaries: 1959 — ($1,633,989); 1955 — ($3,572,040); surplus arising on redemption of preferred shares: 1959 — ($46,580). In 1956 the practice of amortizing discount and expenses relating to the issue of bonds and debentures over the life of the issue was adopted.

7. Significant changes in accounting procedures during the ten year period were as follows:

   (a) Tooling costs —

   Prior to 1955 tooling costs were generally charged to expense as incurred. In 1955 the North American companies adopted the practice of capitalizing tooling costs relating to major model changes, such costs being amortized over a three-year period. The same policy was subsequently adopted by all manufacturing companies in the group. The amortization charges relating to tooling costs capitalized in 1955 and subsequent years are included above with depreciation charges.

   (b) Pension costs —

   Prior to 1956 certain companies provided on an estimated basis for future pension payments to employees not fully covered by trusteed pension plans. On retirement the annual pension payments to such employees were charged against the amounts so provided. In 1956 the practice was adopted of charging all pension costs (including payments to trustees on behalf of employees covered by trusteed pension plans) against income in the year of payment. Certain changes were also made during 1956 in the method of funding past service benefits on trusteed pension plans, which had the effect of spreading the total cost under the plans over a longer period of years — in most cases not exceeding 30 years.

8. For income tax purposes certain of the companies claim capital allowances in excess of the depreciation provisions recorded in the accounts. The tax reductions applicable to those extra allowances are not reflected in income, but are credited instead to a "Deferred income taxes" account (shown separately on the accompanying balance sheets). They are then brought into income in subsequent years when the total allowances for tax purposes are less than the depreciation provisions recorded in the accounts.

Auditors' Report

To the Directors of
MASSEY-FERGUSON LIMITED:

We have examined the above statement of consolidated earnings of Massey-Ferguson Limited and its subsidiaries for the ten fiscal years ended October 31, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above statement, when read with the notes thereto, presents fairly the consolidated earnings of Massey-Ferguson Limited and its subsidiaries for the ten fiscal years ended October 31, 1962 in accordance with generally accepted accounting principles which, except for the changes referred to in note 7, have been applied in all material respects on a consistent basis throughout the period.

Toronto, Canada,
February 1, 1963.

(Signed) CLARKSON, GORDON & CO.
Chartered Accountants.

Consolidated Balance Sheet and I
As at O

Assets

	Consolidated balance sheet	Pro forma consolidated balance sheet (note 1)
CURRENT:		
Cash	$ 3,961,599	$ 39,518,259
Receivables (less allowances and unearned interest — note 3)	192,537,653	192,537,653
Inventories, valued at the lower of cost or market —		
Raw materials and work in process	82,896,259	82,896,259
Finished goods	110,394,483	110,394,483
	$193,290,742	$193,290,742
Prepaid expenses, etc.	3,843,275	3,843,275
TOTAL CURRENT ASSETS	$393,633,269	$429,189,929
INVESTMENTS (shares and advances):		
Wholly owned finance companies, at equity value (note 2)	$ 15,924,436	$ 15,924,436
Associated companies, at cost	1,758,430	1,758,430
	$ 17,682,866	$ 17,682,866
FIXED:		
Land	$ 5,279,284	$ 5,279,284
Buildings	63,269,552	63,269,552
Machinery and equipment	139,482,385	139,482,385
Production tooling	12,851,673	12,851,673
Total fixed assets, at cost	$220,882,894	$220,882,894
Less accumulated depreciation and amortization	104,087,465	104,087,465
	$116,795,429	$116,795,429
OTHER ASSETS AND DEFERRED CHARGES	$ 5,415,832	$ 5,811,012
	$533,527,396	$569,479,236

On behalf of the Board:

(Signed) W. ERIC PHILLIPS, Director

(Signed) ALBERT A. THORNBROUGH, Director

(See notes to consolidated balance sheet

on Limited

orma Consolidated Balance Sheet

r 31, 1962

Liabilities

	Consolidated balance sheet	Pro forma consolidated balance sheet (note 1)
CURRENT:		
Bank loans and overdrafts	$ 59,804,289	$ 59,804,289
Short term notes payable	20,220,000	20,220,000
Accounts payable and accrued charges	92,464,799	91,664,799
Income, sales and other taxes payable	23,683,916	23,683,916
Dividends payable	1,576,047	1,576,047
Advance payments from customers	6,140,076	6,140,076
TOTAL CURRENT LIABILITIES	$203,889,127	$203,089,127
DEFERRED INCOME TAXES	$ 6,037,178	$ 6,037,178
LONG TERM DEBT:		
Bonds, debentures, notes and loans (notes 7 and 8)	$ 94,452,279	$118,452,279
Less instalments maturing within one year, included with accounts payable and accrued charges	4,338,983	3,538,983
	$ 90,113,296	$114,913,296
MINORITY INTEREST IN SUBSIDIARIES	$ 10,666,902	$ 10,666,902
CAPITAL AND RETAINED EARNINGS:		
Authorized share capital —		
500,000 preferred shares, par value $100 each		
20,000,000 common shares without nominal or par value		
Outstanding (note 4) —		
Cumulative convertible preferred shares:		
4½% redeemable at $104.50 —		
Balance sheet — 4,839 shares	$ 483,900	
Pro forma balance sheet — 4,768 shares		$ 476,800
5½% 1959 series — redeemable at $105.50		
249,995 shares	24,999,500	24,999,500
Common shares:		
Balance sheet — 12,268,599 shares	58,626,521	
Pro forma balance sheet — 13,495,843 shares		70,900,461
Contributed surplus	1,785,973	1,785,973
Retained earnings (note 5)	136,924,999	136,609,999
	$222,820,893	$234,772,733
	$533,527,396	$569,479,236

o forma consolidated balance sheet on pages 8 and 9)

Massey-Ferguson Limited
Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet

1. *Pro forma adjustments (pro forma balance sheet only)*

The pro forma consolidated balance sheet gives effect, as at October 31, 1962, to the following:

(i) The issue and sale pursuant to the exercise of subscription warrants or, to the extent that subscription warrants are not exercised, by the purchase by Wood, Gundy & Company Limited pursuant to an underwriting agreement dated January 18, 1963, of a total of 1,226,894 common shares without nominal or par value for a consideration of $12,268,940.

(ii) The purchase for redemption of twenty-one 4½% Preferred Shares between October 31, 1962 and February 1, 1963 at par.

(iii) The issue of 350 common shares on conversion of 50 4½% Preferred Shares between October 31, 1962 and February 1, 1963.

(iv) The issue to institutional investors on December 27, 1962 by Massey-Ferguson Inc. of $35,000,000 5¼% Promissory Notes for $34,904,820.

(v) The repayment of $400,000 by Massey-Ferguson Inc. on November 1, 1962 on its outstanding 3⅝% Promissory Note, and the retirement of the balance of that company's presently outstanding Promissory Notes ($10,600,000) out of the proceeds of the 5¼% Promissory Notes.

(vi) The payment of commissions and other expenses in connection with the share and note issues estimated at $615,000 — the portion relating to shares being charged to retained earnings and the portion relating to notes being carried as a deferred charge (to be amortized over the life of the issue).

2. *Basis of consolidation and exchange translation*

The accompanying consolidated balance sheet and pro forma consolidated balance sheet consolidate the accounts of all subsidiary companies with the exception of the two wholly owned finance companies in North America, a combined statement of assets and liabilities of which is shown on Page 10 of this prospectus. The investment in such companies is carried in the consolidated balance sheets at their underlying equity value, i.e. it includes accumulated net earnings of $923,336 (which are also reflected in consolidated retained earnings).

The assets and liabilities of United States companies are included on the basis of U.S. $1 = Can. $1. In the case of all other companies, translation into Canadian dollars has been effected as follows: current assets and current liabilities at exchange rates prevailing at October 31, 1962; investments, fixed assets and long term liabilities on the basis of rates prevailing at date of acquisition or issue.

The following table shows a breakdown, by main geographical areas, of the assets appearing in the consolidated balance sheet at October 31, 1962:

	Millions of dollars
Europe	$233.8
North America	230.5
Australia	29.6
Africa	20.2
South America	18.3
Asia	1.1
	$533.5

3. *Receivables*

Receivables are shown net of the following provisions —

Returns and allowances	$12,682,585
Unearned interest	832,061
Total	$13,514,646

Approximately $31,000,000 or 17% of the notes and accounts receivable mature beyond one year. The receivable balance shown includes $4,983,355 due from the North American finance companies.

4. *Reservation of common shares*

The 4½% preferred shares are convertible into common shares on or before March 1, 1965 at the rate of seven common shares for each one preferred share; the 5½% preferred shares are convertible into common shares on or before June 15, 1965 at the rate of five common shares for each one preferred share. 1,283,351 unissued common shares are reserved for possible issue on conversion of such shares (after taking account of the twenty-one 4½% shares purchased for redemption and the fifty 4½% shares converted into common shares between October 31, 1962 and February 1, 1963). There are no employee options outstanding.

5. *Dividend restrictions*

The trust indentures relating to the long term debt of the Canadian company and the trust indentures and loan agreements of certain of the subsidiary companies contain certain restrictions on the payment of dividends. Under the most restrictive of these approximately $45,000,000 of consolidated retained earnings at October 31, 1962 is not available for the payment of dividends on common shares. Of the remainder, approximately $47,000,000 represents the unrestricted portion of profits of various subsidiary companies outside North America which have not been remitted to Canada. Transfers of earnings from such companies are generally subject to the approval of exchange control authorities, but permission to pay dividends is normally obtainable. Dividend payments from subsidiaries in a number of countries are subject to withholding taxes (see note 4 to the "Statement of Consolidated Earnings").

Of consolidated retained earnings, an amount of $46,890 is designated as a "capital surplus" under the provisions of Section 61 of the Companies Act (Canada).

6. *Contingent liabilities, commitments, etc.*

(a) Contingent liabilities: Bills under discount — $42,000,000; Guarantees of short term notes payable by North American finance companies — $21,750,000.

(b) Capital expenditure commitments outstanding at October 31, 1962 total approximately $10,000,000.

(c) Pension costs (including payments to trustees on behalf of employees covered by trusteed pension plans) are charged against income in the year of payment. Past service costs in most trusteed plans are being funded or amortized over periods not exceeding 30 years.

(d) The Canadian and United States companies have been named defendants in actions brought by third parties charging violation of United States anti-trust laws and claiming triple damages aggregating approximately $2,800,000. In the opinion of United States counsel for the companies, such actions can be successfully defended.

7. *Long term debt*

	Authorized	Issued	Outstanding: Balance sheet	Outstanding: Pro forma balance sheet
MASSEY-FERGUSON LIMITED (CANADA) (payable in Canadian dollars)				
First Mortgage Bonds:	$20,000,000			
Serial 3% Bonds, Series "A"		$ 3,750,000	—	—
Sinking Fund 3% Bonds, Series "A" due June 1, 1966		8,250,000	$ 5,449,500	$ 5,449,500
Debentures:	*			
3¾% Sinking Fund Debentures due September 1, 1970		10,200,000	6,800,000	6,800,000
5% Fifteen-Year Sinking Fund Debentures due July 1, 1967		10,000,000	4,897,000	4,897,000
4½% Sinking Fund Debentures, 1956 Series due March 15, 1976		21,000,000	16,479,000	16,479,000
MASSEY-FERGUSON INC. (U.S.A.) (payable in United States dollars)				
Notes:				
3⅝% Promissory Note due November 1, 1962-68	10,000,000	10,000,000	4,800,000	—
4⅛% Promissory Note due April 1, 1963-72	5,000,000	5,000,000	3,000,000	—
4% Promissory Note due March 1, 1963-73	5,000,000	5,000,000	3,200,000	—
5¼% Promissory Notes due July 1, 1966—December 1, 1982	35,000,000	35,000,000	—	35,000,000
MASSEY-FERGUSON HOLDINGS LIMITED (UNITED KINGDOM) (payable in sterling)				
6% Bank Loan due November 30, 1965 (interest charged at 1½% above Bank of England rediscount rate with the provision that the minimum interest rate shall not be less than 5½%)		26,530,000	26,530,000	26,530,000
MASSEY-FERGUSON (UNITED KINGDOM) LIMITED (guaranteed by Canadian company—payable in sterling)				
Guaranteed Debenture Stock:	2,145,380			
3½% Debenture Stock, Series "A" due March 15, 1972 (subject to sinking fund)		1,611,000	1,162,993	1,162,993
5% Debenture Stock, Series "B" due March 15, 1972 (subject to sinking fund)		534,380	402,789	402,789
F. PERKINS LIMITED (UNITED KINGDOM) (payable in sterling)				
4½% First Mortgage Debenture Stock maturing October 1, 1971 (subject to sinking fund)	*	4,084,500	3,018,318	3,018,318
MASSEY-FERGUSON S.A. (FRANCE) (guaranteed in part by Canadian company — payable in French francs)				
6%-7% Loans maturing 1962-75		10,674,435	8,465,115	8,465,115
MASSEY-FERGUSON G.m.b.H. (GERMANY) (payable in German marks)				
2½%-7% Loans maturing 1962-74	2,285,254	2,285,254	1,180,379	1,180,379
MASSEY-FERGUSON (AUSTRALIA) LIMITED (payable in Australian pounds)				
5¾% First Mortgage Debenture Stock due June 30, 1970	*	5,549,625	5,549,625	5,549,625
MASSEY-FERGUSON (SOUTH AFRICA) LIMITED (payable in South African rands)				
6¼%-6½% Loans maturing 1964-67	1,500,000	1,500,000	1,500,000	1,500,000
7% Convertible Debentures maturing 1967-81	1,500,000	1,500,000	1,297,200	1,297,200
MOTOTRAC MAQUINAS e MOTORES LIMITADA (BRAZIL) (guaranteed by Canadian company — payable in Brazilian cruzeiros)				
5½% Bank Loan maturing June 10, 1964		720,360	720,360	720,360
			$94,452,279	$118,452,279

*The issue of additional Canadian Debentures is subject to the restrictions contained in the trust indenture dated September 1, 1950, and supplemental trust indentures dated September 15, 1950, July 1, 1952 and March 15, 1956. The issue of additional Debenture Stock by F. Perkins Limited is subject to the restrictions contained in the trust deed dated September 24, 1951. The issue of additional Australian Debentures is subject to the restrictions contained in the trust indenture dated April 6, 1955.

8. *Issue of additional long term debt*

Massey-Ferguson Inc. is presently negotiating with a number of institutional investors for the issue of $25,000,000 twenty-year notes to be subordinate to the 5¼% Promissory Notes of that company. It is expected that the interest rate on such notes will be 5⅞% per annum.

Auditors' Report

To the Directors of
MASSEY-FERGUSON LIMITED:

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Massey-Ferguson Limited and its consolidated subsidiaries as at October 31, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet presents fairly the consolidated financial position of the companies as at October 31, 1962 in accordance with generally accepted accounting principles. In our opinion also the accompanying pro forma consolidated balance sheet presents fairly the consolidated financial position of the companies as at the same date, after giving effect to the changes set forth in Note 1.

Toronto, Canada,
February 1, 1963.

(Signed) CLARKSON, GORDON & Co.
Chartered Accountants.

Massey-Ferguson Finance Company of Canada Limited
and
Massey-Ferguson Finance Corporation

Combined Statement of Assets and Liabilities
October 31, 1962

Assets

Cash	$ 55,162
Retail notes receivable (less allowances and unearned interest — note 3)	81,105,804
Discount on notes payable	289,645
	$81,450,611

Liabilities

Short term notes payable:	
Banks	$37,250,000
Others	21,750,000
Accrued charges	527,820
Deferred income taxes	1,015,000
Current accounts payable to Massey-Ferguson Limited and Massey-Ferguson Inc.	4,983,355
	$65,526,175
Equity of Massey-Ferguson Limited and its subsidiaries:	
Interest bearing notes payable (subordinated)	$ 4,000,000
Share capital	11,001,100
	$15,001,100
Accumulated profits (note 2)	923,336
	$15,924,436
	$81,450,611

Notes:

1. The above statement combines the accounts of Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Finance Corporation (U.S.A.). The assets and liabilities of the United States company are included on the basis of U.S. $1 = Can. $1.
2. While the books of both companies are maintained, and their tax returns are filed, on a cash receipt and disbursement method, the above combined statement of assets and liabilities incorporates adjustments to reflect the financial position of the companies on an accrual basis of accounting (including a provision for deferred income taxes).
3. Approximately $41,000,000 or 46% of the notes receivable mature beyond one year. Receivables are shown net of the following provisions —

Unearned interest	$8,153,632
Allowance for doubtful accounts	1,750,000
	$9,903,632

Auditors' Report

To the Directors of
Massey-Ferguson Limited:

We have examined the combined statement of assets and liabilities of Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Finance Corporation as at October 31, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the combined assets and liabilities of Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Finance Corporation as at October 31, 1962 in accordance with generally accepted accounting principles.

Toronto, Canada,
February 1, 1963.

(Signed) Clarkson, Gordon & Co.
Chartered Accountants.

Statutory Information

1. Massey-Ferguson Limited (hereinafter called the "Company") was incorporated by Letters Patent dated July 22, 1891, under the authority of Chapter 119 of the Revised Statutes of Canada, 1886, known as "The Companies Act" and Amending Acts. Supplementary Letters Patent were issued to the Company dated April 1, 1895, June 26, 1903, January 23, 1909, January 11, 1911, May 3, 1918, February 17, 1926, March 10, 1927, March 19, 1929, March 23, 1931, March 5, 1936, February 23, 1942, April 2, 1949, February 14, 1951, March 12, 1951, October 31, 1953, February 24, 1955, February 28, 1955, March 28, 1956, August 22, 1957, March 24, 1958, and April 14, 1959. Its Head Office is at 200 University Avenue, Toronto, Canada.

2. Directors

The Marquess of Abergavenny	Agriculturalist	Eridge Park, Tunbridge Wells, Kent, England.
Henry Borden, Q.C.	Industrialist	Tannery Hill Farm, R.R. No. 2, King, Ontario.
The Hon. Gordon Peter Campbell, Q.C.	Barrister	39 Deer Park Crescent, Toronto, Ontario.
Harry John Carmichael	Manufacturer	20 Yates Street, St. Catharines, Ontario.
The Right Hon. Lord Crathorne	Agriculturalist	Crathorne Hall, Yarm, Yorkshire, England.
The Hon. Leslie Miscampbell Frost, Q.C.	Barrister	17 Sussex Street North, Lindsay, Ontario.
Charles Lake Gundy	Investment Dealer	43 Russell Hill Road, Toronto, Ontario.
Walter Lattman	Manufacturer	Wengirain 1293, Herrliberg, Zurich, Switzerland.
John Daniel Leitch	Industrialist	71 Old Forest Hill Road, Toronto 7, Ontario.
Reginald Wallace Main	Manufacturer	87 Oakes Drive, Port Credit; Ontario.
John Angus McDougald	Industrialist	Green Meadows, R.R. No. 1, Don Mills, Ontario.
William Eric Phillips	Industrialist	174 Teddington Park Avenue, Toronto, Ontario.
John Halsell Shiner	Manufacturer	21 Dale Avenue, Toronto, Ontario.
Edward Plunket Taylor	Industrialist	Lyford Cay, N.P., The Bahama Islands.
Albert Adam Thornbrough	Manufacturer	93 Valecrest Drive, Islington, Ontario.
Kenneth Carl Tiffany	Manufacturer	2182 Lake Shore Road East, Oakville, Ontario.
Harold Anthony Wallace	Manufacturer	11 Country Club Drive, Islington, Ontario.
Colin Wesley Webster	Importer	52 Gordon Crescent, Montreal, Quebec.

Officers

William Eric Phillips	Chairman of the Board and Chief Executive Officer	174 Teddington Park Avenue, Toronto, Ontario.
Albert Adam Thornbrough	President	93 Valecrest Drive, Islington, Ontario.
John Alexander Belford	Vice President Personnel and Industrial Relations	1074 Lavender Lane, Oakville, Ontario.
Dermot Astley Coape-Arnold	Vice President, General Manager North American Operations	38 Saintfield Avenue, Don Mills, Ontario.
Jacob Joseph Jaeger	Vice President Engineering	The Green Lane, R.R. 1, King, Ontario.
Walter Lattman	Vice President	Wengirain 1293, Herrliberg, Zurich, Switzerland.
William Whitney Mawhinney	Vice President International Export Operations Manager	Mile House, Tiddington Road, Stratford-upon-Avon, England.
John Halsell Shiner	Vice President Marketing	21 Dale Avenue, Toronto, Ontario.
John Gustav Staiger	Vice President Administration Office of the President	11 Valecrest Drive, Islington, Ontario.
Kenneth Carl Tiffany	Vice President Finance	2182 Lake Shore Road East, Oakville, Ontario.
Harold Anthony Wallace	Vice President Manufacturing	11 Country Club Drive, Islington, Ontario.
Reginald Wallace Main	Secretary	87 Oakes Drive, Port Credit, Ontario.
George Keith Blair	Treasurer	9 Ashwood Crescent, Islington, Ontario.
John Elliott Zimmerman	Comptroller	2 Doon Road, Willowdale, Ontario.
Stuart Crosby Legge	Assistant Secretary	755 Avenue Road, Toronto, Ontario.
William Kenneth Mounfield	Assistant Secretary	78 Warren Road, Toronto, Ontario.
Norman Draper Radcliffe	Assistant Treasurer	8 Langmuir Crescent, Toronto, Ontario.
Harold William Waite	Assistant Treasurer	Broom Close, Esher, Surrey, England.

3. The auditors of the Company are Messrs. Clarkson, Gordon & Co., 15 Wellington Street, West, Toronto, Ontario.

4. The general nature of the business actually transacted by the Company directly and through its subsidiaries is that of the manufacture or procurement and sale of tractors and other farm machinery, engines and other articles for farm, commercial and industrial use.

5. The Transfer Agents for the 4½% Cumulative Convertible Preferred Shares and the 5½% Cumulative Convertible Preferred Shares, 1959 Series of the Company are Montreal Trust Company, Toronto, Montreal, Winnipeg, Vancouver and Halifax; and The British Empire Trust Company, Limited, London, England; and the Registrars for the said Preferred Shares are Crown Trust Company, Toronto, Montreal, Winnipeg and Vancouver; the Company's bankers, Halifax; and The British Empire Trust Company, Limited, London, England.

The Transfer Agents for the common shares of the Company are National Trust Company, Limited, Toronto, Winnipeg and Vancouver; Canada Permanent Toronto General Trust Company, Montreal; the Company's bankers, Halifax; The Canadian Bank of Commerce Trust Company, New York; and The British Empire Trust Company, Limited, London, England; and the Registrars for the said common shares are Canada Permanent Toronto General Trust Company, Toronto; the Company's bankers, Montreal and Halifax; National Trust Company, Limited, Winnipeg and Vancouver; The Canadian Bank of Commerce Trust Company, New York; and The British Empire Trust Company, Limited, London, England.

The Registrar for the First Mortgage Bonds of the Company is Canada Permanent Toronto General Trust Company, Toronto, at whose office such Bonds may be registered as to principal and registered Bonds may be transferred.

The Registrar for the outstanding 5% Fifteen-Year Sinking Fund Debentures, 3¾% Sinking Fund Debentures and 4½% Sinking Fund Debentures, 1956 Series of the Company is Montreal Trust Company, Toronto and Montreal, at the offices of which in the said cities Debentures may be registered and registered Debentures may be transferred.

6. The authorized share capital of the Company consists of 500,000 Preferred Shares of the par value of $100 each issuable in one or more series and 20,000,000 common shares without nominal or par value. As at February 1, 1963, the issued and fully paid-up share capital of the Company consisted of 4,768 4½% Cumulative Convertible Preferred Shares of the par value of $100 each, 249,995 5½% Cumulative Convertible Preferred Shares, 1959 Series of the par value of $100 each and 12,268,949 common shares without nominal or par value.

7. The respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of each class of shares of the Company, including redemption rights, and rights on liquidation or distribution of capital assets are as follows:

The 500,000 Preferred Shares of the par value of $100 each (hereinafter referred to as the "Preferred Shares") as a class carry and are subject to the following rights, restrictions, conditions and limitations:

(a) The directors of the Company may at any time and from time to time issue the Preferred Shares in one or more series, each series to consist of such number of shares as may before issuance thereof be determined by the directors.

(b) The directors of the Company may (subject as hereinafter provided) from time to time fix before issuance the designation, rights, restrictions, conditions and limitations to attach to the Preferred Shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, voting rights and conversion rights (if any) and any sinking fund or other provisions attaching to the Preferred Shares of such series, the whole subject to the issue of supplementary letters patent setting forth the designation, rights, restrictions, conditions and limitations attaching to the Preferred Shares of such series.

(c) When any fixed cumulative dividends or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series shall participate ratably in respect of such dividends including accumulations, if any, in accordance with the sums which would be payable on the said Preferred Shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.

(d) The Preferred Shares shall be entitled to preference over the common shares of the Company and any other shares of the Company ranking junior to the Preferred Shares with respect to the payment of dividends and may also be given such other preferences over the common shares of the Company and any other shares of the Company ranking junior to the Preferred Shares as may be determined as to the respective series authorized to be issued.

(e) The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company whether voluntary or involuntary. Except with the approval of holders of the Preferred Shares given as hereinafter specified, no series of Preferred Shares shall be authorized which shall have a dividend rate in excess of six per cent (6%) per annum on the amounts from time to time paid up thereon or be entitled to receive upon liquidation, dissolution or redemption a sum in excess of one hundred and six per cent (106%) of the amounts paid up thereon plus a sum equivalent to all unpaid dividends accumulated thereon.

(f) Preferred Shares of any series may be made subject to redemption at such times and at such prices (subject to the foregoing provisions hereof) and upon such other terms and conditions as may be specified in the rights, restrictions, conditions and limitations attaching to the Preferred Shares of such series as set forth in the resolution of the board of directors of the Company and supplementary letters patent relating to such series. Upon the redemption of any Preferred Shares the shares so redeemed shall be cancelled.

(g) The holders of the Preferred Shares shall not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or of bonds, debentures or other securities of the Company now or hereafter authorized.

(h) No class of shares may be created ranking as to capital or dividends prior to or on a parity with the Preferred Shares without the approval of the holders of the Preferred Shares given as hereinafter specified nor shall any additional Preferred Shares be created without such approval.

(i) The holders of Preferred Shares shall not be entitled (except as hereinafter specifically provided) to receive notice of or attend any meeting of the shareholders of the Company and shall not be entitled to any vote at any such meeting unless and until the Company from time to time shall fail to pay in the aggregate eight (8) quarterly dividends on the Preferred Shares of any one series on the dates on which the same should be paid according to the terms thereof and until eight (8) quarterly dividends shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends. Thereafter each holder of Preferred Shares shall be entitled to receive notice of all meetings of shareholders and shall be entitled at any and all such meetings to as many votes as he holds Preferred Shares and shall continue to be entitled to notice and so to vote until such time as all arrears of dividends on all outstanding Preferred Shares shall have been paid whereupon the right of holders of Preferred Shares to receive notice of meetings and to vote in respect of such Preferred Shares shall cease unless and until eight (8) quarterly dividends on the Preferred Shares of any series shall again be in arrears and unpaid whereupon the holders of the Preferred Shares shall again have the right to receive notice and to vote as above provided and so on from time to time.

(j) The provisions of paragraphs (a) to (i) hereof inclusive, the provisions of this paragraph and the provisions of paragraph (k) hereof may be repealed, altered, modified, amended or amplified by supplementary letters patent but only with the approval of the holders of the Preferred Shares given as hereinafter specified in addition to any other approval required by the Companies Act.

(k) The approval of holders of the Preferred Shares as to any and all matters referred to herein may be given by compromise or arrangement under the Companies Act or by resolution passed or by by-law sanctioned at a meeting of holders of Preferred Shares duly called and held upon at least twenty-one (21) days' notice at which the holders of at least a majority of the outstanding Preferred Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than seventy-five per cent (75%) of the Preferred Shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Preferred Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the Chairman and at least fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preferred Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than seventy-five per cent (75%) of the Preferred Shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Preferred Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Preferred Shares shall be entitled to one (1) vote in respect of each Preferred Share held.

The 4½% Cumulative Convertible Preferred Shares (being the first series of the said class of 500,000 Preferred Shares and being hereinafter referred to as the "Preferred Shares 1955 Series") in addition and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, carry and are subject to the following rights, restrictions, conditions and limitations:

(1) The holders of the Preferred Shares 1955 Series shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of four and one-half per cent (4½%) per annum, payable quarterly on the first (1st) days of March,

June, September and December in each year on the amounts from time to time paid up thereon. Such dividends shall accrue from such date or dates as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment. Warrants or cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends. If on any dividend payment date the dividend payable on such date is not paid in full on all of the Preferred Shares 1955 Series then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same. The holders of the Preferred Shares 1955 Series shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for.

(2) In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs the holders of the Preferred Shares 1955 Series shall be entitled to receive the amount paid up on such shares together with all accrued and unpaid preferential dividends thereon (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends thereon have been paid up to the date of such distribution) and if such liquidation, dissolution, winding-up or distribution be voluntary an additional amount equal to four and one-half per cent (4½%) of the amount paid up thereon before any amount shall be paid or any property or assets of the Company distributed to the holders of any common shares or shares of any other class ranking junior to the Preferred Shares 1955 Series. After payment to the holders of the Preferred Shares 1955 Series of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company.

(3) Subject to the provisions of paragraph (6) hereof, the Company may at any time or times purchase (if obtainable) for cancellation the whole or any part of the Preferred Shares 1955 Series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Preferred Shares 1955 Series outstanding at the lowest price or prices at which in the opinion of the board of directors such shares are obtainable but not exceeding the price at which, at date of purchase, such shares are redeemable as provided in paragraph (4) hereof plus costs of purchase. If upon any invitation for tenders under the provisions of this paragraph the Company shall receive tenders of Preferred Shares 1955 Series at the same lowest price which the Company may be willing to pay in an aggregate number of shares greater than the number of shares for which the Company is prepared to accept tenders, the Preferred Shares 1955 Series so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Preferred Shares 1955 Series so tendered by each of the holders of Preferred Shares 1955 Series who submitted tenders at the said same lowest price. From and after the date of purchase of any Preferred Shares 1955 Series under the provisions in this paragraph contained the shares so purchased shall be deemed to be redeemed and shall be cancelled.

(4) Subject to the provisions of paragraph (6) hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Preferred Shares 1955 Series on payment for each share to be redeemed of one hundred and four and one-half per cent (104½%) of the amount paid up thereon together with all accrued and unpaid preferential dividends thereon (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends thereon have been paid up to the date of such redemption). In case a part only of the then outstanding Preferred Shares 1955 Series is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the directors or the transfer agent appointed by the Company in respect of the Preferred Shares 1955 Series shall decide or if the directors so determine may be redeemed pro rata disregarding fractions.

(5) In any case of redemption of Preferred Shares 1955 Series under the provisions of paragraph (4) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Preferred Shares 1955 Series to be redeemed a notice in writing of the intention of the Company to redeem such Preferred Shares 1955 Series. Such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Preferred Shares 1955 Series to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Preferred Shares 1955 Series called for redemption. Such Preferred Shares 1955

Series shall thereupon be and be deemed to be redeemed and shall be cancelled. If a part only of the shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Company. From and after the date specified in any such notice, the Preferred Shares 1955 Series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Company shall have the right at any time after the mailing of notice of its intention to redeem any Preferred Shares 1955 Series as aforesaid to deposit the redemption price of the shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Preferred Shares 1955 Series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made, the Preferred Shares 1955 Series in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled and the rights of the holders thereof (other than their rights of conversion, if any, as provided in paragraph (7) hereof) after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively.

(6) No dividends shall at any time be declared or, having been declared, be paid on or set apart for the common shares or any of them or any other shares of the Company junior to the Preferred Shares 1955 Series nor shall the Company call for redemption and/or purchase any Preferred Shares 1955 Series less than the total amount then outstanding unless all dividends up to and including the dividend payable for the last completed quarter on the Preferred Shares 1955 Series then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart or call for redemption or purchase.

(7) Any holder of Preferred Shares 1955 Series shall be entitled at his option at any time up to and including but not after the first (1st) day of March, 1965, (subject as hereinafter provided) to have all or any of the Preferred Shares 1955 Series held by him converted into fully paid common shares without nominal or par value as the same shall be constituted at the time of conversion upon the following basis:

(a) If converted on or before the first (1st) day of March, 1959, at the rate of ten (10) common shares for each Preferred Share 1955 Series in respect of which the conversion privilege is exercised;

(b) If converted thereafter and on or before the first (1st) day of March, 1962, at the rate of eight (8) common shares for each Preferred Share 1955 Series in respect of which the conversion privilege is exercised; and

(c) If converted thereafter and on or before the first (1st) day of March, 1965, at the rate of seven (7) common shares for each Preferred Share 1955 Series in respect of which the conversion privilege is exercised.

The conversion privilege herein provided for may only be exercised by notice in writing given to any transfer agent of the Company for the Preferred Shares 1955 Series accompanied by the certificate or certificates for Preferred Shares 1955 Series in respect of which the holder thereof desires to exercise such right of conversion and such notice shall be signed by the person registered on the books of the Company as the holder of the Preferred Shares 1955 Series in respect of which such right is being exercised or by his duly authorized attorney and shall specify the number of Preferred Shares 1955 Series which the holder desires to have converted; upon the said transfer agent receiving such notice the Company shall issue certificates for common shares at the applicable rate herein prescribed and in accordance with the provisions hereof to the registered holder of the Preferred Shares 1955 Series represented by the certificate or certificates accompanying such notice. If less than all the Preferred Shares 1955 Series represented by any certificate are to be converted the holder shall be entitled to receive a new certificate for the Preferred Shares 1955 Series representing the shares comprised in the original certificate which are not to be converted.

Upon conversion of any Preferred Shares 1955 Series the Company shall make no payment or adjustment on account of any accumulated or unpaid dividends on the Preferred Shares 1955 Series certificates for which are surrendered for conversion or on account of any dividends on the common shares issuable upon such conversion.

In the case of any Preferred Shares 1955 Series which may be called for redemption, notwithstanding anything herein contained, the right of conversion thereof shall cease and terminate at the close of business on the third (3rd) day prior to the date fixed for redemption, provided, however, that if the Company shall fail to redeem such Preferred Shares 1955 Series in accordance with the notice of redemption the right of conversion shall thereupon be restored and continued as before.

If the Company shall subdivide its common shares into a greater number of shares or shall issue in exchange for such common shares a greater number of common shares then in such case from and after the effective date of such subdivision or exchange of the shares the conversion rate shall be increased in proportion to the increase in the number of outstanding common shares resulting from such subdivision or exchange; and if the Company shall reduce the number of common shares by combination or consolidation of shares or shall issue in exchange for its outstanding common shares a smaller number of common shares then in each such case from and after the effective date for such combination, consolidation or exchange of shares the conversion rate shall be decreased in proportion to the decrease in the number of the outstanding common shares resulting from such combination, consolidation or exchange of shares.

If the Company shall declare and pay a stock dividend upon the common shares or a dividend payable at the option of the respective holders either in common shares or cash then in each such case from and after the payment date of such dividend the conversion rate shall be increased in proportion to the increase in the number of outstanding common shares resulting from such dividend.

The Company shall not issue fractional shares in satisfaction of the conversion privilege hereinbefore provided but in lieu of fractional shares it shall issue non-voting and non-dividend bearing scrip certificates for a fraction of a share in a form approved by the board of directors. Such scrip certificates may be consolidated into certificates for full shares within such reasonable time as may be determined by the board of directors and if the aggregate amount of shares represented by scrip certificates surrendered for consolidation is an amount in excess of an even number of shares the Company shall at the time of delivery of certificates for the number of full shares called for by the surrender of scrip certificates issue a new scrip certificate for an amount equal to such excess. Such scrip certificates may contain provisions authorizing the sale by the Company after the expiration of such reasonable time as may be determined by the board of directors of the number of shares represented by such scrip certificates for the benefit of the holders of such scrip certificates.

All shares issued for the purpose of or with respect to any conversion of Preferred Shares 1955 Series into common shares or the consolidation of scrip certificates and all shares sold under the foregoing provisions shall be deemed to be fully paid and non-assessable.

The Company shall not issue any common shares which will result in the unissued common shares being insufficient to fulfil the conversion privilege of holders of Preferred Shares 1955 Series should the holders of all outstanding Preferred Shares 1955 Series determine to have the same converted in accordance with the provisions herein contained.

Nothing herein contained shall affect or restrict the right of the Company to increase the number of its common shares without nominal or par value in accordance with the provisions of the Companies Act and to issue such shares from time to time.

(8) Subject as hereinafter provided so long as any of the Preferred Shares 1955 Series are outstanding the Company shall on or before the first (1st) day of March in each year commencing with the year 1956, set aside in a special account on the books of the Company as a retirement fund for the Preferred Shares 1955 Series an amount equal to the lesser of (a) five per cent (5%) of the consolidated net income of the Company for the last preceding fiscal year of the Company available for dividends or (b) one per cent (1%) of the aggregate par value of the Preferred Shares 1955 Series then outstanding. For the purpose of this paragraph consolidated net income of the Company available for dividends shall mean the amount thereof as shown in the financial statements of the Company presented or to be presented to the shareholders at the annual meeting of the shareholders, provided that if under the foregoing provisions the Company would be required in any year to set aside for the retirement fund aforesaid an amount which when added to the amounts theretofore set aside for such purpose and not used or applied for the purposes hereinafter provided would aggregate an amount in excess of the lesser of (i) five per cent (5%) of the aggregate par value of the Preferred Shares 1955 Series then outstanding or (ii) one million dollars ($1,000,000), then the Company in such year shall only be required to set aside for such purpose an amount which when added to the said amounts theretofore set aside and not used or applied as aforesaid will equal an amount equal to the lesser of the amounts specified in clause (i) or (ii) as aforesaid. Any amount or amounts set aside in a special account on the books of the Company as a retirement fund as aforesaid need not be kept separate from other moneys of the Company and pending the use or application thereof for the purposes hereinafter provided may be employed in the business of the Company.

Subject as hereinafter provided, the amount from time to time to the credit of the said special account shall be applied as soon as practicable to the purchase of Preferred Shares 1955 Series (if obtainable) in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) at the lowest price or prices at which in the opinion of the board of directors such shares are obtainable but not exceeding the par value of such shares and costs of purchase; if and to the extent to which Preferred Shares 1955 Series cannot be so purchased at prices not exceeding the said

price the Company shall not be obligated to make any application of the said amount until such shares in the opinion of the board of directors can be so purchased and so on from time to time so long as any of the Preferred Shares 1955 Series shall be outstanding. Any Preferred Shares 1955 Series purchased under the provisions of this paragraph shall be deemed to be redeemed and shall be cancelled. Notwithstanding anything herein contained the Company shall not be required to purchase any Preferred Shares 1955 Series in accordance with the provisions of this paragraph (8) if and so long as such purchase would constitute a breach by the Company of the provisions of a certain trust indenture made as of the first (1st) day of September, 1950, between the Company of the first part and Montreal Trust Company of the second part providing for the issuance of debentures by the Company and indentures supplemental thereto dated as of the fifteenth (15th) day of September, 1950, and the first (1st) day of July, 1952.

(9) The provisions of paragraphs (1) to (8) hereof inclusive, the provisions of this paragraph and the provisions of paragraph (10) hereof may be repealed, altered, modified, amended or amplified by supplementary letters patent but only with the approval of the holders of the Preferred Shares 1955 Series given as hereinafter specified, in addition to any other approval required by the Companies Act.

(10) The approval of holders of the Preferred Shares 1955 Series as to any and all matters referred to herein may be given by compromise or arrangement under the Companies Act or by resolution passed or by by-law sanctioned at a meeting of holders of Preferred Shares 1955 Series duly called and held upon at least twenty-one (21) days' notice at which the holders of at least a majority of the outstanding Preferred Shares 1955 Series are present or represented by proxy and carried by the affirmative vote of the holders of not less than seventy-five per cent (75%) of the Preferred Shares 1955 Series represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Preferred Shares 1955 Series are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the Chairman and at least fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preferred Shares 1955 Series present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than seventy-five per cent (75%) of the Preferred Shares 1955 Series represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Preferred Shares 1955 Series referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Preferred Shares 1955 Series shall be entitled to one (1) vote in respect of each Preferred Share 1955 Series held.

The 5½% Cumulative Convertible Preferred Shares, 1959 Series (being the second series of the said class of 500,000 Preferred Shares and being hereinafter referred to as the "Preferred Shares 1959 Series") in addition and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, carry and are subject to the following rights, restrictions, conditions and limitations:

(1) The holders of the Preferred Shares 1959 Series shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of five and one-half per cent (5½%) per annum, payable quarterly on the fifteenth (15th) days of March, June, September and December in each year on the amounts from time to time paid up thereon, provided that in the case of any Preferred Shares 1959 Series issued on or before the fifteenth (15th) day of June, 1959, such dividends shall be paid on the fifteenth (15th) day of September, 1959, and thereafter quarterly on the fifteenth (15th) days of March, June, September and December in each year. Such dividends shall accrue from such date or dates as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment. Warrants or cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends. If on any dividend payment date the dividend payable on such date is not paid in full on all of the Preferred Shares 1959 Series then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same. The holders of the Preferred Shares 1959 Series shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for.

(2) In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs the holders of the Preferred Shares 1959 Series shall be entitled to receive the amount paid up on such shares together

with all accrued and unpaid preferential dividends thereon (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends thereon have been paid up to the date of such distribution) and if such liquidation, dissolution, winding-up or distribution be voluntary an additional amount equal to five and one-half per cent (5½%) of the amount paid up thereon before any amount shall be paid or any property or assets of the Company distributed to the holders of any common shares or shares of any other class ranking junior to the Preferred Shares 1959 Series. After payment to the holders of the Preferred Shares 1959 Series of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company.

(3) Subject to the provisions of paragraph (6) hereof, the Company may at any time or times purchase (if obtainable) for cancellation the whole or any part of the Preferred Shares 1959 Series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Preferred Shares 1959 Series outstanding at the lowest price or prices at which in the opinion of the board of directors such shares are obtainable but not exceeding the price at which, at date of purchase, such shares are redeemable as provided in paragraph (4) hereof plus costs of purchase. If upon any invitation for tenders under the provisions of this paragraph the Company shall receive tenders of Preferred Shares 1959 Series at the same lowest price which the Company may be willing to pay in an aggregate number of shares greater than the number of shares for which the Company is prepared to accept tenders, the Preferred Shares 1959 Series so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Preferred Shares 1959 Series so tendered by each of the holders of Preferred Shares 1959 Series who submitted tenders at the said same lowest price. From and after the date of purchase of any Preferred Shares 1959 Series under the provisions in this paragraph contained the shares so purchased shall be deemed to be redeemed and shall be cancelled.

(4) Subject to the provisions of paragraph (6) hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Preferred Shares 1959 Series on payment for each share to be redeemed of one hundred and five and one-half per cent (105½%) of the amount paid up thereon if redeemed on or before the fifteenth (15th) day of June, 1962, and thereafter one hundred and four and one-half per cent (104½%) of the amount paid up thereon if redeemed on or before the fifteenth (15th) day of June 1965, and thereafter one hundred and three and one-half per cent (103½%) of the amount paid up thereon, together in each case with all accrued and unpaid preferential dividends thereon (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends thereon have been paid up to the date of such redemption). In case a part only of the then outstanding Preferred Shares 1959 Series is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the directors or the transfer agent appointed by the Company in respect of the Preferred Shares 1959 Series shall decide or if the directors so determine may be redeemed pro rata disregarding fractions.

(5) In any case of redemption of Preferred Shares 1959 Series under the provisions of paragraph (4) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Preferred Shares 1959 Series to be redeemed a notice in writing of the intention of the Company to redeem such Preferred Shares 1959 Series. Such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Preferred Shares 1959 Series to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Preferred Shares 1959 Series called for redemption. Such Preferred Shares 1959 Series shall thereupon be and be deemed to be redeemed and shall be cancelled. If a part only of the shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Company. From and after the date specified in any such notice, the Preferred Shares 1959 Series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Company shall have the right at any time after the mailing of notice of its intention to redeem any Preferred Shares 1959 Series as aforesaid to deposit the redemption price of the shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in con-

nection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Preferred Shares 1959 Series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made, the Preferred Shares 1959 Series in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled and the rights of the holders thereof (other than their rights of conversion, if any, as provided in paragraph (7) hereof) after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively.

(6) No dividends shall at any time be declared or, having been declared, be paid on or set apart for the common shares or any of them or any other shares of the Company junior to the Preferred Shares 1959 Series nor shall the Company call for redemption and or purchase any Preferred Shares 1959 Series less than the total amount then outstanding unless all dividends up to and including the dividend payable for the last completed quarter on the Preferred Shares 1959 Series then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart or call for redemption or purchase.

(7) Any holder of Preferred Shares 1959 Series shall be entitled at his option at any time up to and including but not after the fifteenth (15th) day of June, 1965, (subject as hereinafter provided) to have all or any of the Preferred Shares 1959 Series held by him converted into fully paid common shares without nominal or par value as the same shall be constituted at the time of conversion upon the following basis:

(a) If converted on or before the fifteenth (15th) day of June, 1962, at the rate of six (6) common shares for each Preferred Share 1959 Series in respect of which the conversion privilege is exercised upon payment by the holder to the Company of the sum of five dollars ($5) in lawful money of Canada for each Preferred Share 1959 Series in respect of which the conversion privilege is exercised; and

(b) If converted thereafter and on or before the fifteenth (15th) day of June, 1965, at the rate of five (5) common shares for each Preferred Share 1959 Series in respect of which the conversion privilege is exercised.

The conversion privilege herein provided for may only be exercised by notice in writing given to any transfer agent of the Company for the Preferred Shares 1959 Series accompanied by the certificate or certificates for Preferred Shares 1959 Series in respect of which the holder thereof desires to exercise such right of conversion and, when applicable, cash or a certified cheque, bank draft or money order payable to the Company, in the amount payable by such holder on the exercise of the conversion privilege as hereinbefore provided; such notice shall be signed by the person registered on the books of the Company as the holder of the Preferred Shares 1959 Series in respect of which such right is being exercised or by his duly authorized attorney and shall specify the number of Preferred Shares 1959 Series which the holder desires to have converted; upon the said transfer agent receiving such notice and, when applicable, such cash, certified cheque, bank draft or money order, the company shall issue certificates for common shares at the applicable rate herein prescribed and in accordance with the provisions hereof to the registered holder of the Preferred Shares 1959 Series represented by the certificate or certificates accompanying such notice. If less than all the Preferred Shares 1959 Series represented by any certificate are to be converted the holder shall be entitled to receive a new certificate for the Preferred Shares 1959 Series representing the shares comprised in the original certificate which are not to be converted.

Upon conversion of any Preferred Shares 1959 Series the Company shall make no payment or adjustment on account of any accumulated or unpaid dividends on the Preferred Shares 1959 Series certificates for which are surrendered for conversion or on account of any dividends on the common shares issuable upon such conversion.

In the case of any Preferred Shares 1959 Series which may be called for redemption, notwithstanding anything herein contained, the right of conversion thereof shall cease and terminate at the close of business on the third (3rd) day prior to the date fixed for redemption, provided, however, that if the Company shall fail to redeem such Preferred Shares 1959 Series in accordance with the notice of redemption the right of conversion shall thereupon be restored and continued as before.

If the Company shall subdivide its common shares into a greater number of shares or shall issue in exchange for such common shares a greater number of common shares then in such case from and after the effective date of such subdivision or exchange of the shares the conversion rate shall be increased in proportion to the increase in the number of outstanding common shares resulting from such subdivision or exchange; and if the Company shall reduce the number of common shares by combination or consolidation of shares or shall issue in exchange for its outstanding common shares a smaller number of common shares then in each such case from and after the effective date for such combination, consolidation or exchange of shares the conversion rate shall be decreased in proportion to the decrease in the number of the outstanding common shares resulting from such combination, consolidation or exchange of shares.

If the Company shall declare and pay a stock dividend upon the common shares or a dividend payable at the option of the respective holders either in common shares or cash then in each such case from and after the payment date of such dividend the conversion rate shall be increased in proportion to the increase in the number of outstanding common shares resulting from such dividend.

The Company shall not issue fractional shares in satisfaction of the conversion privilege hereinbefore provided but in lieu of fractional shares it shall issue non-voting and non-dividend bearing scrip certificates for a fraction of a share in a form approved by the board of directors. Such scrip certificates may be consolidated into certificates for full shares within such reasonable time as may be determined by the board of directors and if the aggregate amount of shares represented by scrip certificates surrendered for consolidation is an amount in excess of an even number of shares the Company shall at the time of delivery of certificates for the number of full shares called for by the surrender of scrip certificates issue a new scrip certificate for an amount equal to such excess. Such scrip certificates may contain provisions authorizing the sale by the Company after the expiration of such reasonable time as may be determined by the board of directors of the number of shares represented by such scrip certificates for the benefit of the holders of such scrip certificates.

All shares issued for the purpose of or with respect to any conversion of Preferred Shares 1959 Series into common shares or the consolidation of scrip certificates and all shares sold under the foregoing provisions shall be deemed to be fully paid and non-assessable.

The Company shall not issue any common shares which will result in the unissued common shares being insufficient to fulfil the conversion privilege of holders of Preferred Shares 1959 Series should the holders of all outstanding Preferred Shares 1959 Series determine to have the same converted in accordance with the provisions herein contained.

Nothing herein contained shall affect or restrict the right of the Company to increase the number of its common shares without nominal or par value in accordance with the provisions of the Companies Act and to issue such shares from time to time.

(8) The provisions of paragraphs (1) to (7) hereof inclusive, the provisions of this paragraph and the provisions of paragraph (9) hereof may be repealed, altered, modified, amended or amplified by supplementary letters patent but only with the approval of the holders of the Preferred Shares 1959 Series given as hereinafter specified, in addition to any other approval required by the Companies Act.

(9) The approval of holders of the Preferred Shares 1959 Series as to any and all matters referred to herein may be given by compromise or arrangement under the Companies Act or by resolution passed or by by-law sanctioned at a meeting of holders of Preferred Shares 1959 Series duly called and held upon at least twenty-one (21) days' notice at which the holders of at least a majority of the outstanding Preferred Shares 1959 Series are present or represented by proxy and carried by the affirmative vote of the holders of not less than seventy-five per cent (75%) of the Preferred Shares 1959 Series represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Preferred Shares 1959 Series are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the Chairman and at least fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preferred Shares 1959 Series present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than seventy-five per cent (75%) of the Preferred Shares 1959 Series represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Preferred Shares 1959 Series referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Preferred Shares 1959 Series shall be entitled to one (1) vote in respect of each Preferred Share 1959 Series held.

Save as aforesaid, the common shares have all voting rights.

8. Obligations of the Company may be issued from time to time subject to the restrictions prevailing at the time of issue. All obligations of the Company outstanding from time to time will rank ahead of the common shares offered hereby. Particular reference is made to the under-mentioned bonds, debentures, bank loans and short term notes of the Company ranking ahead of the common shares offered hereby.

(i) The Bonds issued or to be issued pursuant to a Deed of Trust and Mortgage dated as of June 1, 1946 and a Deed of Trust and Mortgage supplemental thereto dated as of December 1, 1946, both made by the Company in favour of The Toronto General Trusts Corporation (herein col-

lectively called the "Trust Deed") securing an authorized issue of $20,000,000 principal amount of Bonds of which $12,000,000 principal amount were issued and of which $5,448,500 principal amount of First Mortgage Sinking Fund 3% Bonds, Series "A" maturing June 1, 1966, was outstanding as at February 1, 1963. The Trust Deed contains a first fixed and specific hypothec, mortgage, pledge and charge on all the then owned and all interest in the future acquired real estate and plant of the Company in Canada and on all the Company's shares (other than Directors' qualifying shares) in the capital stock of all its subsidiaries (as therein defined) then owned or thereafter acquired by the Company and a first floating charge on all its undertaking and business and other property and assets for the time being, both present and future. The Trust Deed also provides for a sinking fund in the amount of $462,000 per annum for the benefit of the holders of the First Mortgage Sinking Fund 3% Bonds, Series "A". Such First Mortgage Sinking Fund 3% Bonds, Series "A" of the Company are redeemable on payment of the amounts and on the terms and conditions mentioned in the Trust Deed.

(ii) Bank loans and short term notes of the Company amounting to approximately $40,000,000 outstanding as at February 1, 1963.

(iii) Unsecured debentures of the Company dated March 20, 1947, and November 12, 1952, given as security for the Guaranteed Debenture Stock of Massey-Ferguson (United Kingdom) Limited, one of the Company's subsidiaries in the United Kingdon, issued pursuant to a Trust Deed made March 20, 1947, and a supplemental Trust Deed made November 12, 1952, between Massey-Ferguson (United Kingdom) Limited and The British Empire Trust Company, Limited, in which the Company was joined as a party to unconditionally guarantee the due payment of such Guaranteed Debenture Stock and the premium, interest and sinking fund thereon. Under the said Trust Deeds £400,000 3½% Guaranteed Debenture Stock, Series "A" was issued of which £288,143 was outstanding as at February 1, 1963, and £200,000 5% Guaranteed Debenture Stock, Series "B" was issued of which £150,750 was outstanding as at February 1, 1963. The said Trust Deeds provide for a sinking fund for the benefit of the holders of such Stock and also make provision for the redemption thereof on payment of the amounts and on the terms and conditions mentioned in the said Trust Deeds.

(iv) $27,496,000 aggregate principal amount of unsecured debentures outstanding as at February 1, 1963, issued pursuant to a trust indenture made as of September 1, 1950, between the Company and Montreal Trust Company and indentures supplemental thereto made as of September 15, 1950, as of July 1, 1952, and as of March 15, 1956, consisting of $6,800,000 aggregate principal amount of 3¾% Sinking Fund Debentures which mature on September 1, 1970, and carry an annual sinking fund of $850,000, $4,843,000 aggregate principal amount of 5% Fifteen-Year Sinking Fund Debentures which mature on July 1, 1967, and carry an annual sinking fund sufficient to retire $500,000 principal amount of such Debentures in each year, $15,853,000 aggregate principal amount of 4½% Sinking Fund Debentures, 1956 Series which mature on March 15, 1976, and carry an annual sinking fund sufficient to retire $1,000,000 principal amount of such Debentures in each year.

Reference is made to paragraph **6** hereof for particulars of the outstanding preferred shares which rank ahead of, and the outstanding common shares which rank pari passu with, the common shares offered hereby.

9. Neither the Company nor any subsidiary proposes to create or assume any substantial indebtedness not shown in the pro forma consolidated balance sheet as at October 31, 1962, accompanying this prospectus other than such bank loans and other short term indebtedness as may be incurred in the ordinary course of business and the issuance by Massey-Ferguson Inc. of $25,000,000 (U.S.) twenty-year notes to be subordinate to its 5¼% Promissory Notes. It is expected that the interest rate on such notes will be 5⅞% per annum.

10. There are no securities of the Company covered by options presently outstanding or proposed to be given. Reference, however, is made to paragraph **7** above which sets forth the rights of conversion into common shares of the Company attached to the Preferred Shares 1955 Series and to the Preferred Shares 1959 Series and also to paragraph **11** below.

11. The Company is issuing rights to the holders of its common shares of record at the close of business on January 31, 1963, to subscribe for common shares of the Company at the price of $10 per share (Canadian funds) on the basis that holders of common shares of record at such time will be given the right to subscribe for one common share for each ten common shares held at such time, making a total offering of 1,226,894 common shares. Such rights are to be evidenced by transferable subscription

warrants which are to be mailed on or about February 15, 1963, to the holders of common shares as of the said record date of January 31, 1963. Subscriptions for common shares will not be accepted from any resident of the United States of America or its territories or possessions. All rights under the subscription warrants expire at 4:30 o'clock in the afternoon (Eastern Standard Time) on March 15, 1963. Warrants will be void and useless if not used for subscription prior to such time. The subscription price is payable in full at the time of subscription as provided in the said subscription warrants.

12. There is no minimum amount that in the opinion of the directors must be raised by the issue of the shares offered by this Prospectus.

13. On the basis that all of the common shares hereby offered are taken up and paid for, the net proceeds to be derived by the Company therefrom will be $12,268,940 less the amount of the commission payable as referred to in paragraph **15** hereof and less legal, auditing and other expenses in connection with the issue.

14. The proceeds of the common shares offered hereby will be used for general corporate purposes and it is intended that such proceeds will be used initially to improve the working capital position of the organization. There is no provision for holding in trust any part of such proceeds.

15. By an underwriting agreement dated January 18, 1963, made between the Company and Wood, Gundy & Company Limited (hereinafter in this paragraph referred to as the "Underwriter") the Company has agreed to sell and the Underwriter has agreed to purchase at the price of $10 (Canadian funds) per share and subject to the terms and conditions therein contained, the said 1,226,894 common shares offered hereby less the aggregate number of such shares issued pursuant to the exercise of the rights referred to in paragraph **11** hereof. Under the said underwriting agreement the Company has agreed to pay the Underwriter a commission of 17½¢ in respect of each of the said 1,226,894 common shares.

16. The By-laws of the Company provide as follows with respect to the remuneration of the directors:

> "The remuneration to be paid to the directors shall be such as the board of directors shall from time to time determine and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the board of directors. The directors may also by resolution award special remuneration to any director undertaking any special services on the Company's behalf other than the routine work ordinarily required of a director by the Company and the confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company."

17. The aggregate remuneration paid by the Company to directors, as such, during its last financial year ended October 31, 1962, was $38,378 and the estimated aggregate of such remuneration paid or payable during the current financial year is $40,000. The aggregate remuneration paid by the Company and its subsidiaries to officers of the Company who individually received or were entitled to receive remuneration in excess of $10,000 per annum during its last financial year ended October 31, 1962, was $962,335 and the estimated aggregate of such remuneration paid or payable during the current financial year is $990,000.

18. Commissions aggregating $43,944 have been paid within the two years preceding the date hereof or are payable by the Company on the sale of its short term notes. The Company pays commissions on the sale of its short term notes at the rate of ⅛ of 1% per annum for the term of each note. Save as aforesaid and as referred to in paragraph **15** hereof no amount has been paid within the said two years or is payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or obligations of, the Company.

19. The Company has been carrying on business since 1891.

20. No property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company the purchase price of which has been paid within the last two years preceding the date hereof or is to be paid in whole or in part in securities of the Company or the acquisition of which has not been completed at the date hereof except that pursuant to an offer dated July 26, 1961, the Company acquired 650,000 issued and fully paid ordinary shares of Tractors and Farm Tools Limited, South Africa, in consideration of the payment of $2,062,665 in cash and the issuance, as fully paid, of 45,500 common shares of the Company. The proceeds of the common shares offered hereby may be used by the Company from time to time to acquire property in the ordinary course of its operations. The particulars of such property are not known at this date.

21. The name and address of each person who was a vendor of more than 10% of the total amount of the said shares of Tractors and Farm Tools Limited so purchased is McCarthy Rodway Limited, P.O. Box 794, Durban, Republic of South Africa. The names and addresses of the vendors of the other property which may be acquired by the Company as referred to in paragraph **20** hereof are not known at this date.

22. Within the two years preceding February 1, 1963, 37,908 common shares of the Company have been issued as fully paid on the conversion of 4,741 4½% Cumulative Convertible Preferred Shares and five 5½% Cumulative Convertible Preferred Shares, 1959 Series, of the Company. Except as aforesaid and as referred to in paragraph **20** hereof, no shares have been issued within the said period otherwise than for cash.

23. No obligations are being offered by this Prospectus.

24. Exclusive of the legal and auditing services rendered and to be rendered in connection with the issue of the common shares offered hereby and exclusive of services rendered or to be rendered in the ordinary course of business, no services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the issue of the said common shares or have been within the last two preceding years or are to be paid for by securities of the Company. Reference is made to paragraph **15** hereof.

25. No amount has been paid by the Company within the two years preceding the date hereof or is intended to be paid to any promoter.

26. The following contracts have been entered into within the two years preceding the date hereof:

(i) An agreement dated the 7th day of February, 1961, between the Company and Champions Limited, Bloemfontein, South Africa and Federale Beleggingskorporasie Beperk of Cape Town, South Africa, providing for the formation of a new company to make an offer to acquire all of the ordinary shares of South African Farm Implement Manufacturers Limited of Vereeniging, South Africa, and on acceptance of such offer by the holders of 90% of such ordinary shares, or such lower percentage as may be determined by the new company, the transference to the new company of certain assets of and the benefits of certain franchise agreements of Massey-Ferguson (South Africa) (Proprietary) Limited (now Masfergo Holdings (South Africa) (Proprietary) Limited) and various other actions respecting the new company.

(ii) Contract dated May 5, 1961, between the Company and Butler Manufacturing Company, Kansas City, Mo., U.S.A., whereby the parties agreed to participate in a joint undertaking for the manufacture and sale in the United Kingdom and export from the United Kingdom of products designed by Butler Manufacturing Company and to consider jointly from time to time similar undertakings elsewhere.

(iii) Contract dated June 13, 1961, between the Company and Wood, Gundy & Company Limited, of Toronto, Canada, whereby the said company undertook to use its best endeavours to arrange certain short term borrowings by the Company and/or certain of its subsidiaries to be evidenced by the issue of promissory notes.

(iv) Contract dated October 31, 1960, executed by the Company on or about June 15, 1961, between the Company and Amalgamations (Private) Limited of Madras, India providing for the formation of a new company in India to be jointly owned by the parties (the Company to have a 49% interest) to manufacture Massey-Ferguson tractors and farm equipment with technical aid from the Massey-Ferguson group and to be the distributor in India of Massey-Ferguson products, and two technical aid and license agreements dated September 18, 1961, made pursuant to the said contract to which the Company, Amalgamations (Private) Limited and Tractors and Farm Equipment Limited of Madras, India (the aforesaid new company) were parties.

(v) Contracts resulting from the acceptance of an offer dated July 26, 1961, made by the Company to the ordinary shareholders of Tractors and Farm Tools Limited of Durban, South Africa, to purchase the issued ordinary shares of Tractors and Farm Tools Limited at the price and on the terms and conditions specified in the said offer.

(vi) Contract dated September 18, 1961 to which Société Hotchkiss-Brandt of Paris, France, the Company and its two subsidiaries Massey-Ferguson Holdings Limited and Massey-Ferguson S.A. are parties providing for the termination of various agreements whereby Société Hotchkiss-Brandt was the exclusive supplier of certain engines to Massey-Ferguson S.A. and was entitled to certain preferences respecting the supplying of other products to it.

(vii) Contract dated September 28, 1962, between Cunningham-Limp Limited and the Company providing for the construction of a combine assembly plant on the Company's property in Brantford, Ontario.

(viii) Contracts dated December 27, 1962, to which the Company, its subsidiary Massey-Ferguson Inc., Metropolitan Life Insurance Company and Massachusetts Mutual Life Insurance Company are parties, ancillary to loan agreements made on the same date between the said subsidiary and each of the said insurance companies respecting the purchase by the said insurance companies of promissory notes of the said subsidiary in the aggregate principal amount of $35,000,000, U.S. funds, providing that $25,000,000 of then existing indebtedness of the said subsidiary to the Company shall be subordinated to the claims of the holders of the said notes and shall not be paid except as permitted by the applicable provisions of the said notes and further providing that the Company will in certain contingencies subscribe for additional shares of capital stock of the said subsidiary and/or purchase at par additional subordinated indebtedness of the said subsidiary and will in certain other contingencies pay the principal of and accrued and unpaid interest on such notes to the holders thereof.

(ix) Contract dated January 18, 1963, between Wood, Gundy & Company Limited and the Company referred to in paragraph **15** hereof.

Except as aforesaid, the Company has not entered into any material contracts within the two years preceding the date hereof other than contracts entered into in the ordinary course of business carried on by the Company.

Copies of the contracts referred to in subparagraphs (i), (ii), (iii), (iv), (vi), (vii), (viii) and (ix) and a copy of the offer referred to in subparagraph (v) may be inspected during usual business hours at the Head Office of the Company during the period of primary distribution to the public of the common shares offered hereby.

27. No property is presently proposed to be acquired by the Company in which any director has any interest.

28. So far as the signatories are aware no persons, by reason of beneficial ownership of securities of the Company or any agreement in writing, are in a position to, or are entitled to, elect or cause to be elected a majority of the directors of the Company.

29. So far as the signatories are aware no securities of the Company of the same class as the common shares now offered are held in escrow.

30. During the five years preceding the date hereof (commencing February 1, 1958) the following dividends have been paid by the Company:

	Preferred Shares of par value of $100 each		
Year	1955 Series	1959 Series	Common Shares
1958	$1,094,094	—	$3,818,441
1959	232,212	$ 859,375	4,654,002
1960	43,942	1,375,044	4,836,077
1961	43,287	1,375,026	4,860,450
1962	27,331	1,375,019	4,901,413

The above dividends were at the following rates per share per annum: Preferred Shares 1955 Series; $4.50 for every year: Preferred Shares 1959 Series; 1959-$3.4375, all other years $5.50: Common Shares; 40¢ for every year.

31. No amount of the consideration received for the issue of shares without nominal or par value has been set aside as a distributable surplus.

32. The payment by the Company of common share dividends is subject to certain restrictions contained in the trust deeds and trust indentures providing for the issuance of the Company's first mortgage bonds and debentures. The making of payments to the Company by Massey-Ferguson Inc. is also subject to certain restrictions contained in securities issued by that company and agreements to which it is a party. Payment of dividends by certain foreign subsidiaries of the Company is subject to withholding tax and to the approval of exchange control authorities generally but permission to pay dividends is normally obtainable. The foregoing restrictions do not interfere with the present dividend policy of the Company.

The foregoing constitutes full, true, and plain disclosure of all material facts in respect of the offering of securities referred to above, as required by the Securities Act of the Province of British Columbia, by Part IX of the Securities Act, 1955 (Alberta), by Section 39 of the Securities Act, 1954 (Saskatchewan), by Section 39 of The Securities Act (Ontario), under the Quebec Securities Act and by Section 13 of The Security Frauds Prevention Act (New Brunswick), and there is no further material information

applicable other than in the financial statements or reports where required or exigible.

DATED the 6th day of February, 1963.

Directors

(Signed) W. Eric Phillips	(Signed) Leslie M. Frost
(Signed) E. P. Taylor	(Signed) Henry Borden
(Signed) John A. McDougald	(Signed) H. J. Carmichael
(Signed) Abergavenny	(Signed) C. L. Gundy
(Signed) Albert A. Thornbrough	(Signed) Crathorne
(Signed) H. A. Wallace	(Signed) W. Lattman
(Signed) R. W. Main	(Signed) J. D. Leitch
(Signed) K. C. Tiffany	(Signed) J. H. Shiner
(Signed) G. P. Campbell	(Signed) C. W. Webster

By their agent (Signed) S. C. Legge

Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by the Securities Act of the Province of British Columbia, by Part IX of The Securities Act, 1955 (Alberta), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 39 of The Securities Act (Ontario), under the Quebec Securities Act and by Section 13 of The Security Frauds Prevention Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

Wood, Gundy & Company Limited
by: (Signed) D. B. Dingle

The following are the names of every person having an interest either directly or indirectly to the extent of not less than five per centum in the capital stock of Wood, Gundy & Company Limited: C. L. Gundy, W. P. Scott, J. N. Cole, E. H. Ely, E. S. Johnston, D. B. Dingle, J. K. McCausland and D. Ross.

Massey-Ferguson Limited

200 University Avenue
Toronto 1, Canada
Telephone: EM. 2-6031

To the Shareholders:

Your directors have decided to offer to the holders of the Company's common shares of record at the close of business on January 31, 1963, other than those resident in the United States of America or its territories or possessions, the right to subscribe at the price of $10.00 per share (Canadian funds) for one additional common share without nominal or par value in the capital stock of the Company for each ten common shares then held. On or about February 15, 1963, subscription warrants evidencing the right to subscribe for additional common shares will be mailed to all shareholders, (including those resident in the United States of America or its territories or possessions) as of the record date. Such warrants will be transferable and will contain full instructions on the manner in which subscriptions for shares may be made or rights may be dealt with. The subscription price for additional common shares will be payable in full at the time of subscription.

All rights under the subscription warrants will expire at 4:30 o'clock in the afternoon (Eastern Standard Time) on March 15, 1963. Warrants will be void and valueless if not used for subscription prior to that time. It is anticipated that any shares not taken up under the subscription warrants will be underwritten.

In view of the provisions of the Securities Act of 1933 of the United States and amendments thereto the Company will not accept subscriptions from any person or his agent who appears to be or who the Company has reason to believe is a resident of the United States of America or its territories or possessions. However, it is expected that the rights evidenced by the subscription warrants will be traded on the Toronto, Montreal and Vancouver Stock Exchanges until shortly before they expire. The Company understands that there is no objection to a United States shareholder selling his rights in Canada.

Any shareholder interested in selling or buying rights should consult his bank, investment dealer or stock broker promptly.

The next quarterly dividend on the common shares of the Company, which will be payable on March 15, 1963 to shareholders of record February 14, 1963, has been declared in an amount of 12½ cents per share. This payment represents an increase of 2½ cents per share over the quarterly dividends currently being paid and is at an annual rate of 50 cents per share. Shares taken up under the proposed rights offering will not rank for the quarterly dividend payable on March 15, 1963 but will rank for the next quarterly dividend payable on June 15, 1963.

W. E. Phillips
Chairman and Chief Executive Officer

Albert A. Thornbrough
President

January 16, 1963

Massey-Ferguson Limited

200 University Avenue,
Toronto 1, Canada.
February 15, 1963.

TO THE HOLDERS OF COMMON SHARES (OTHER THAN THOSE RESIDENT IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS):

Further to our letter of January 16, 1963, we are enclosing a copy of your Company's prospectus dated February 6, 1963, and a transferable subscription warrant representing one right for each common share registered in your name at the close of business on January 31, 1963.

THIS WARRANT IS VALUABLE. IT EXPIRES AT 4.30 P.M., EASTERN STANDARD TIME, ON MARCH 15, 1963. PLEASE READ CAREFULLY THE INSTRUCTIONS FOR SUBSCRIPTION OR ASSIGNMENT ON THE REVERSE SIDE OF THE WARRANT.

Subscriptions for common shares will not be accepted from residents of the United States of America or its territories or possessions. However, the subscription warrants are transferable and it is expected that the rights will be traded on the Toronto, Montreal, Vancouver and London (England) Stock Exchanges until shortly before they expire.

Yours very truly,

W. Eric Phillips

Chairman of the Board and Chief Executive Officer

Albert A. Thornbrough

President